MIRACLE MONEY: CALIFORNIA

What we learned from a study of basic income and social support for people experiencing homelessness

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Miracle Messages

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Executive Summary

Launched in 2022, Miracle Money: California is a program designed to provide relational and financial support to people experiencing homelessness. In response to promising results that emerged from a pilot study conducted by Miracle Messages, a nonprofit organization, Miracle Money California focused on scaling distribution to a greater number of people experiencing homelessness and building in time to learn about both the process and impact of direct cash transfers in this context.

Conducted in partnership with researchers at the University of Southern California, the accompanying mixed-methods study is among the first randomized controlled trials (RCTs) of basic income in the U.S. specifically for people experiencing homelessness, and the first to explicitly test the role of relational resilience that has been shown to buffer stress and foster stability. The study was designed to better understand the impact of cash distribution plus social support to 103 participants living in either the San Francisco Bay Area or in Los Angeles County who received $750 per month for 12 months. Between 2022-2024, nearly $1 million was distributed directly to these participants as part of the study.

While close to half of all participants exited homelessness during the course the study, our findings showed that monthly payments did not lead to statistically significant differences in homelessness exits or employment. However, qualitative interviews and reporting on how the funds were used revealed the utility of flexible cash as well as social support services for providing:

Essential Needs and Choice	Participants used funds to meet essential needs like food, housing, and transportation, challenging common myths that cash support is misused or undeserved.
Stability and Dignity	Monthly payments were described as “a blessing,” helping people weather crises, regain a sense of control, and plan for what came next.
Human Connection	Volunteer phone buddies offered encouragement, accountability, and meaningful relationships that many participants described as life changing.

These findings highlight the strengths and limitations of cash transfers. While providing funding that cannot cover high housing costs will not necessarily reduce rates of homelessness, the flexibility of cash, when paired with relational supports that affirm dignity and agency, can restore a sense of control and connection. At the same time, cash alone cannot address the full range of systemic challenges that a person experiencing homelessness faces. This underscores the importance of testing “cash plus” models that integrate guaranteed income with social support and targeted housing pathways. Insights and reflections captured throughout the process of program design and evaluation also emphasize the value of academic and community partnerships grounded in the perspectives of the people who are most impacted.

Key Terms

Basic Income

Unconditional, regular payments to all members of a defined group, regardless of income or employment.

Guaranteed Income

A targeted form of basic income, usually for low- or moderate-income individuals, designed to reduce inequality.

Direct Cash Transfer

One-time or time-limited payments (lump sum or recurring), often used in pilot programs or philanthropic projects.

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Background

ABOUT MIRACLE MESSAGES

Miracle Messages is an award-winning 501(c)3 nonprofit organization that helps people experiencing homelessness rebuild their social support systems and financial security, through family reunifications, a phone buddy program, and direct income support. Since 2014, the organization has facilitated over 1,000 family reunifications and matched more than 470 unhoused individuals with trained volunteers for weekly calls and texts. Their mission is to end relational poverty on the street, which refers to a profound lack of nurturing relationships.

> The goal is to ensure that people experiencing homelessness are seen not as problems to be solved, but as people to be loved.

WHAT IS MIRACLE FRIENDS?

Miracle Friends is a phone buddy program that pairs unhoused individuals with volunteers from around the world for weekly calls and texts. These consistent connections provide encouragement and a sense of belonging that can be life changing. The calls and texts offer the intangible, but critical support of feeling seen, celebrated, and cared for.

WHAT IS MIRACLE MONEY?

Miracle Money is a program of Miracle Messages that provides direct financial support to people experiencing homelessness in ways that foster relational resilience and long-term stability. Relational resilience refers to the capacity to sustain and grow trust-based connections that buffer stress and create support systems, especially as unexpected life events or compound stressors arise. Miracle Money is an expression of the “cash plus” model of basic income where the flexibility of cash and the dignity of a person making choices based on what emerges for themselves is provided in conjunction with other services (e.g., case management, augmenting other benefits that may not be sufficient). Basic Income (BI) is the concept of providing guaranteed, unconditional, periodic minimum income to a defined group, often used to address racial and gender disparities in income inequality. Recent BI pilots suggest that they are an effective intervention for tackling poverty, often at a much lower cost and higher efficiency than direct services (New Leaf Project, 2018; Stockton Economic Empowerment Demonstration, 2021).

MIRACLE MONEY PILOT

Miracle Money has evolved over time, beginning with a pilot in December 2020. At that time, Miracle Messages distributed $50,000 – funded entirely through individual donors and online fundraising – to 14 recipients, 9 of whom were experiencing homelessness in the Bay Area at time of entry, and all of whom had previously experienced homelessness. Recipients received direct cash transfers of $500 per month for six months and had to continue their friendships formed with volunteers in our Miracle Friends program. In its proof of concept in the Bay Area, 66% of unhoused recipients (6 of 9) were able to secure stable housing. Recipients overwhelmingly used their funds toward food, housing, transportation, savings, storage, childcare, medications, debt reduction, unexpected family emergencies, and other essentials.

	Recipients	Monthly Amount	Duration
Pilot Program	9 Individuals	$500	6 Months

MIRACLE MONEY: CALIFORNIA

Results from the pilot evaluation were promising and informed the scaling of subsequent iterations, guided by a commitment to learning and studying impact. Miracle Money: California was a significant expansion of the Miracle Money basic income pilot wherein 103 individuals experiencing homelessness in San Francisco, Oakland, and Los Angeles County received $750 a month for 12 months in direct cash transfers, plus social support through the Miracle Friends phone buddy program. Program expansion during this iteration was significant and presented challenges but was also accompanied by an academic research partnership at the University of Southern California (USC) that created an opportunity for more rigorous study design and evaluation.

	Recipients	Monthly Amount	Duration
Miracle Money: California	103 Individuals	$750	12 Months

The following report describes findings from that study and should be understood within a broader framework of continuous learning and innovation in relational resilience, homelessness, and basic income “cash plus” models.

One of our main research questions was whether Miracle Money recipients would be more likely to secure stable housing, as was suggested by the pilot study, than those not receiving financial support. However, we were also aware of critiques to providing basic income to this population including that the cash provided would be used to buy so-called "temptation goods" such as cigarettes, alcohol, or other drugs, and that receiving cash would disincentivize people to seek employment. This study was designed to speak directly to both critiques.

Specific research questions included

- Does participation in the "cash plus" model reduce homelessness?
- Does pairing participants with phone buddies reduce loneliness?
- Are participants in the cash plus program more likely to report drug or alcohol use?
- Do participants in the "cash plus" program spend more on temptation goods like cigarettes, alcohol, and other drugs?
- Are participants in the cash plus program less likely to be employed?

Yet rather than treating any one evaluation or study as a one-time test to answer an overly broad question of effectiveness of basic income for all groups experiencing homelessness, our focus was on understanding what worked, identifying areas for adjustment, and fostering a spirit of curiosity beyond any single question.

ABOUT THE RESEARCH

This study represents one of the first randomized controlled trials (RCTs) of basic income for people experiencing homelessness in the U.S., and the first explicitly focused on the intersection between financial and social support. The RCT was a part of a broader mixed-methods evaluation. Randomization was complex because we recruited people interested in Miracle Friends without telling them about the cash component, ensuring alignment with Miracle Messages' target population. Accordingly, we did not disclose to participants that cash transfers were involved in the study unless they were randomized to receive it. Ultimately, participants who met the federal definition of homelessness as defined by the U.S. Department of Housing and Urban Development were randomly assigned to: Primary Treatment group: Basic income plus social support (i.e., Miracle Money); Secondary Treatment group: Social support only (i.e., Miracle Friends); and Control group: Waitlisted for the Miracle Friends program. We measured outcomes quarterly for 15 months, including housing stability, financial security, employment, physical and mental health, substance use, and future outlook. Spending patterns among cash recipients were also tracked. Finally, we qualitatively interviewed participants who received Miracle Money shortly after they were first notified that they would receive monthly payments for 12 months and then again at the end of the year.

Results: Quantitative Findings

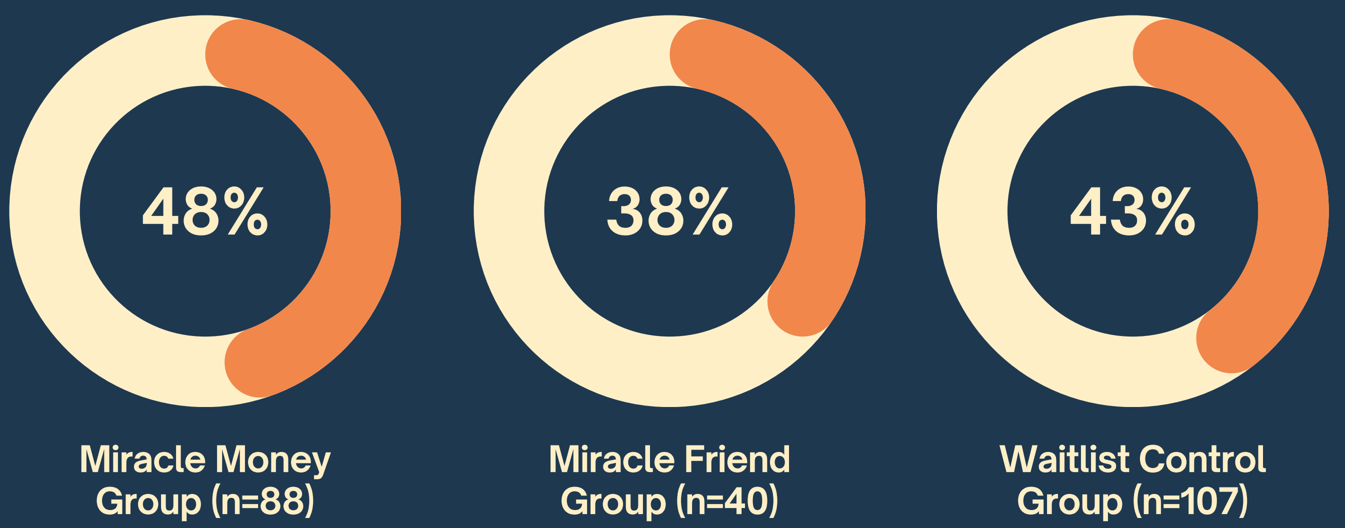
Below are findings for each research question, based on participants who completed the study and received an intervention, compared to the waitlist control group. Complete results of the study can be found in an upcoming peer-reviewed journal article in *Social Work Research.*

01

Question: Does participation in the cash plus model reduce homelessness?

Answer: While our analysis indicates that people who received Miracle Money were 20% more likely to exit homelessness compared to the control group, this difference was not statistically significant, which means we cannot conclude that the cash plus model reduced homelessness.

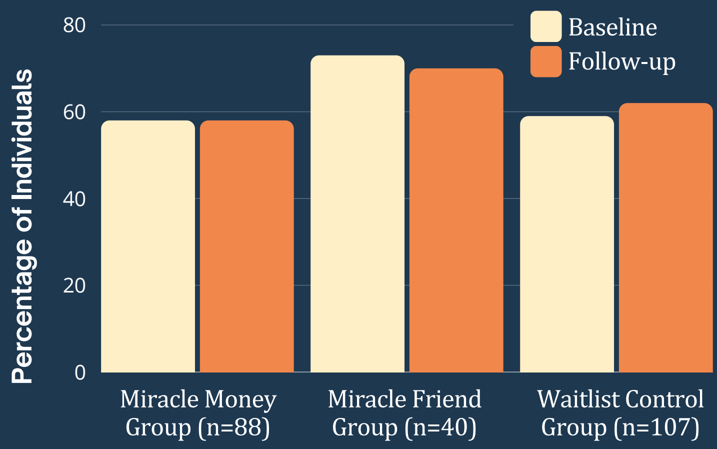
The proportion of people that exited homelessness in each group



02

Question: Does pairing participants with a phone buddy reduce loneliness?

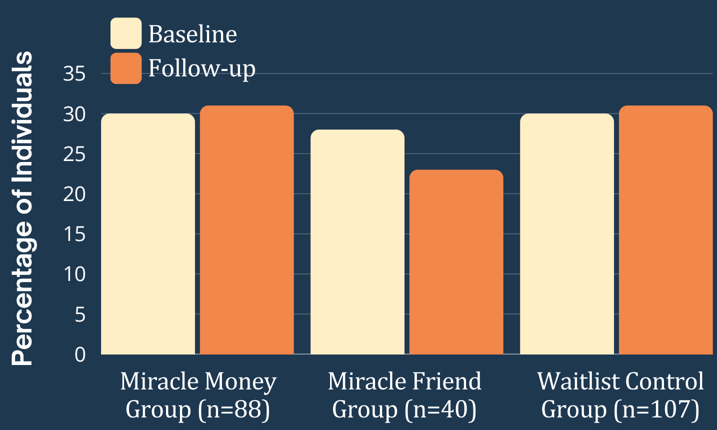
Answer: While we see a reduction in loneliness among the Miracle Friends group, there are similarly high rates of loneliness across all three groups that do not significantly change over time, which means we cannot conclude that participation in the phone buddy program reduced loneliness.



03

Question: Are participants in the cash plus program less likely to be employed?

Answer: We see similar rates of employment across groups and no decrease in employment after receiving cash plus, which suggests that the cash plus program did not affect the likelihood of employment.



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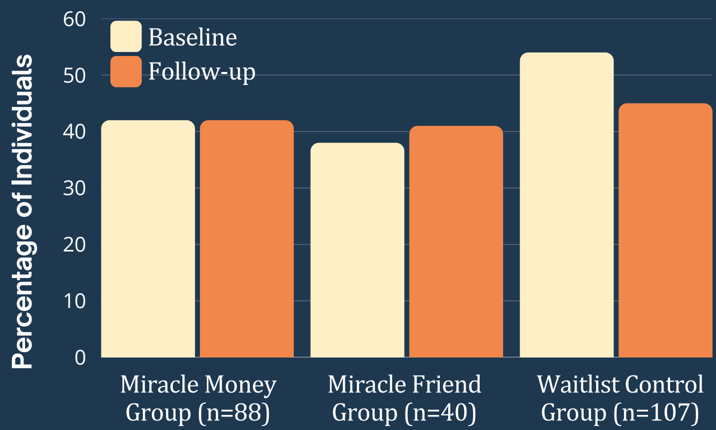
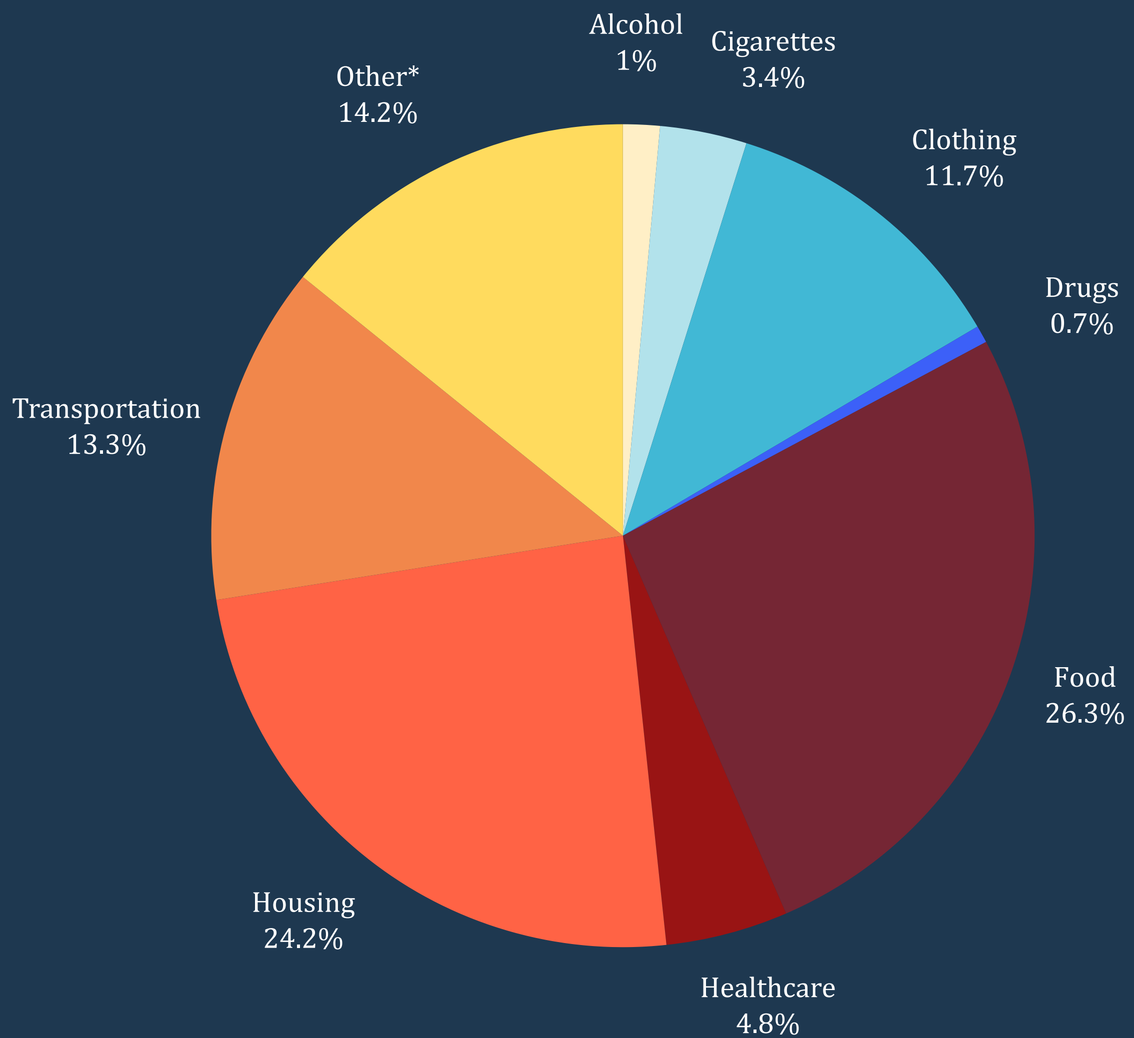
Question: Are participants in the cash plus program more likely to report drug or alcohol use?

Answer: Less than half the sample reported substance use at follow up with proportions similar across all groups, and there was no increase over time among those who received cash plus.



Breakdown of Self-Reported Cash Transfer Spending by Category

Only a small fraction of spending (<5%) went to so-called temptation goods. Most spending covered basic needs such as food, housing, and transportation.



**Examples in the Other category include paying for storage, paying down debt, supporting other family members, charitable gifts, etc.*

Results: Qualitive Findings

While the quantitative results did not demonstrate improved housing outcomes as had been expected, qualitative findings revealed the benefits and utility of flexible cash as well as social support services. A summary of findings from peer-reviewed publications include:

Incremental, not transformational change	Cash payments alone for this period of time did not lead to permanent housing exits, but supported meaningful improvements in daily stability and quality of life. Many participants used the funds to stabilize their routines, cover transition costs, and respond to unexpected emergencies. Volunteer phone buddies provided a foundational layer of social support, offering encouragement, guidance, and a listening ear that complemented the financial assistance.
Stability and dignity	Recipients consistently described the payments as life-changing in emotional terms. The ability to make choices about their own needs fostered a sense of autonomy and control, restoring dignity and confidence even when broader systemic challenges persisted.
Spending choices	Participants prioritized essential needs such as food, housing, and transportation while also using funds for quality-of-life improvements. This pattern reflects a thoughtful hierarchy of needs, where flexible, participant-directed support enables both survival and modest personal enrichment.

Lessons Learned

Along with the opportunity for learning came program challenges in conducting a randomized controlled trial (RCT). RCTs are considered the gold standard for determining whether outcomes can be attributed to an intervention. In partnering with USC, Miracle Messages was committed to understanding whether their cash plus program resulted in improved outcomes. Yet recruiting people into a RCT can present challenges not typically encountered when “simply” enrolling them into a program. Scaling the basic income and social support program to accommodate a sufficient sample size to consider differences between study groups meant changing Miracle Messages’ normal operations.

Unlike usual processes that moved along a timeline driven by participants enrolling in a program like Miracle Friends, the RCT required participants to be assigned a phone buddy more immediately and limited time with participants may have constrained the depth of relationships, underscoring the importance of creating space to build trust in future implementations. However, the experience offered substantial organizational learning especially at an innovative phase of the initiative. Smaller nonprofit organizations benefit from academic-applied partnerships where they can uplift impact and learn in order to make refinements to initiatives as they spread. The project reinforced the need for strong partnerships, robust infrastructure, and flexible funding to balance research rigor with effective program delivery.

Myth	Reality
Cash transfers just let people "spend freely" without changing outcomes, leading many to spend money on drugs and alcohol.	Participants often used the cash strategically to pay rent, buy groceries, or handle unexpected bills demonstrating that a little flexibility can restore stability and dignity.
Social connection programs are "nice but optional."	Phone Buddies weren't just friendly voices. They helped participants navigate challenges, stay motivated, and feel less isolated. Many participants described these connections as a lifeline during stressful moments, highlighting the impact of relational support that is distinct from case management or clinical crisis support.
Nonprofit service organizations cannot provide cash directly to the people they serve.	While there are administrative and programmatic issues that need to be addressed, there is a growing need for charities and nonprofit organizations of all sizes to prioritize direct giving. More resources in terms of lessons learned and programmatic guidebooks have become available.
Small nonprofits cannot engage in rigorous research designs such as randomized controlled trials.	It is important for nonprofits to learn from ongoing evaluation. Academic and community partnerships can help facilitate rigorous research that benefit from participatory design processes.

DeNeal, Miracle Money: California Recipient

When DeNeal joined the Miracle Money: California study through Miracle Messages, he had recently returned to the community after being incarcerated and was navigating an entirely new chapter of his life. While incarcerated, many of his family and community members had passed away. “I came home to nothing,” DeNeal recalled. “The only help I’ve received was from [Miracle Messages.] I didn’t have no clothes, no nothing.”

The unexpected monthly payments provided him with what he called “a godsend” and “like help from a family member.” Initially, the funds met immediate basic needs: clothes, food and transportation. Beyond meeting the essentials, the cash offered an opportunity to think about the future and provided a foundation for stability. The effects for DeNeal were felt long after the study was completed. Although his housing came nearly a year after the payments ended, he credits Miracle Money: California for helping him to prepare. “I was able to have my payments, first and last [months’ rent], and stuff like that,” DeNeal said. “I was able to move into my place and it wasn’t difficult for me.”

Intentional budgeting and sacrifice allowed him to save during the study program and sustain stability afterward. “I was very careful,” DeNeal said. “I wasn’t reckless with the money. I don’t smoke, I don’t drink, I don’t do none of those things.”

Unexpected challenges made the safety net of cash even more vital. When a medical condition forced him to take an unpaid leave from his two full-time jobs for nearly four months, he relied on the basic income to cover the gap. “Sometimes my health wasn’t right and I couldn’t work, so it helped me,” DeNeal said. ”I was able to make sure I had food on my table when I wasn’t working. Now, what if I didn’t have that [Miracle Money]? It would've been really, really bad.”

For DeNeal, the program was about more than money. His Miracle Friend, a college student, became a genuine connection. “We have pretty good communication, a good relationship,” DeNeal said. “We just shared about what was going on in our lives. I found comfort in that part. Just talking about my family, goals that I had, things that I wanted to do. It was all pluses on my end.”

Today, DeNeal is housed, employed and completing a truck-driving certification for higher-paying, more stable work. Reflecting on his journey, he emphasized how easily one crisis can unravel a person’s progress. “The unexpected happens a lot and a lot of people that are not financially well off are not prepared for the unexpected,” DeNeal said. “You don’t know all the details of what a person is going through, and in some instances you might be saving a person’s life by helping.”

Conclusion and Recommendations

A key takeaway is that nominal cash transfers alone do not end homelessness. Instead, cash, when paired with relational support, creates meaningful but incremental improvements. Despite noteworthy gains, we did not see statistically significant improvements in major outcomes such as permanent housing exits, loneliness, employment, and substance use, which was similar across all study groups. Achieving a larger, sustained impact may require pairing income with targeted housing pathways and other structural supports to move into a holistic “cash plus” approach that combines financial resources, social support, and access to essential services.

Below we outline three areas for future consideration and include a note about common myths that this study directly addressed:

1. **Program**: Pairing guaranteed income with social support is most effective when delivered through a “cash plus” model that includes direct pathways to housing. This integrated approach addresses immediate financial needs while also tackling additional barriers that prevent stable housing. Future implementations should explore combining social support with navigation services and additional concrete supports such as cash. Relatively low cost to administer social support programs also have the potential to address loneliness and affirm dignity, especially in contexts where staff are increasingly stretched and unable to engage in extended, trust-building conversations. Embedding structured, intentional relational components alongside concrete supports represents a promising area for further learning. The qualitative insights from this study align with a growing body of evidence from the literature and the field. Future implementations should incorporate tools that capture participants’ decision-making, preferences, and lived experiences, ensuring that community voice is deeply embedded in program design, evaluation, and interpretation of findings.

2. **Policy:** The findings do not support common fears of misuse of cash assistance. Policymakers should consider the potential of larger or longer-term payments, especially when paired with structured housing pathways. Such combinations enhance stability, reduce stress, and improve quality of life for participants while addressing persistent systemic barriers.

3. **Research:** Future studies should explore different payment levels and durations, tracking their long-term effects on housing, health, and social connection. Equally important is testing tools that allow participants to interpret and contextualize their own experiences, ensuring that qualitative insights reflect lived realities. It may also be valuable to experiment with tailored interventions for specific subpopulations, such as individuals at risk of homelessness or those newly transitioning into housing, to better understand how guaranteed income impacts different experiences. This approach can help illuminate how social support and income interact with structural constraints to produce meaningful, though incremental, improvements.

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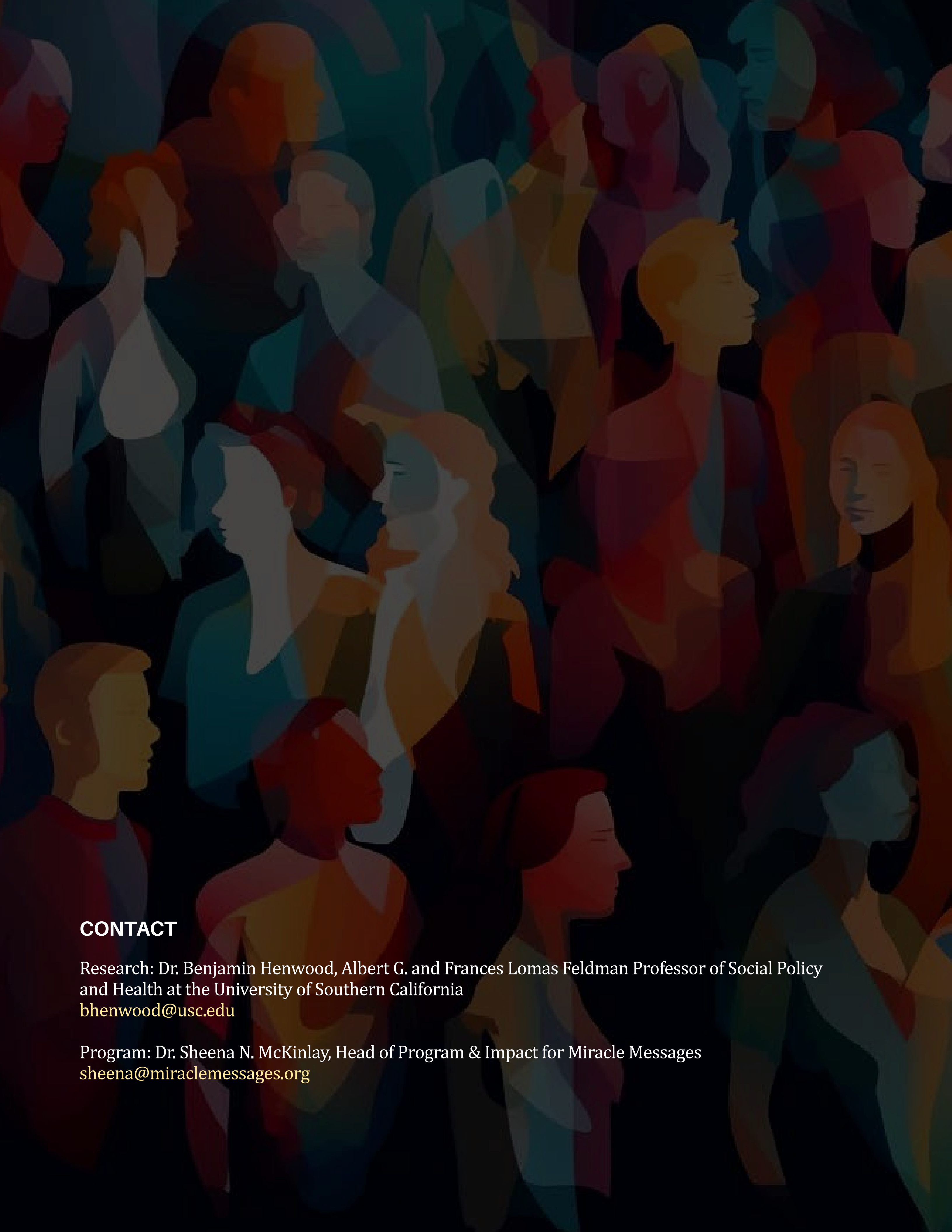

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