



Committee: HHS
Committee Review: Completed
Staff: Linda McMillan, Senior Legislative Analyst
Purpose: Final action – vote expected
Keywords: Guaranteed Income, GI

AGENDA ITEM #20(K)
December 14, 2021
Action

SUBJECT

Special Appropriation to the County Government's FY22 Operating Budget, Guaranteed Income Non-Departmental Account (NDA) – Guaranteed Income Pilot Program; \$1,993,832 (Source of Funds: General Fund Reserves; Lead Sponsors: Councilmember Jawando and Council Vice President Alborno; Co-Sponsors: Councilmember Glass, Council President Hucker, Councilmember Rice, Councilmember Riemer, and Councilmember Navarro

EXPECTED ATTENDEES

None

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- The Health and Human Services Committee held a worksession on December 6, 2021 and recommends approval (3-0). The Committee was joined by Councilmember Jawando who also stated his support.
- This special Appropriation was introduced on October 26, 2021 and a public hearing was held on November 2, 2021.

DESCRIPTION/ISSUE

Guaranteed Income (GI) is a direct, recurring cash payment to a specific, targeted group of people without strings attached. The purpose of GI is to alleviate poverty, provide a form of financial stability, and give people the ability to make their own choices to improve their economic position. Positive outcomes have been demonstrated by the Stockton Economic Empowerment Demonstration pilot. The purpose of this special appropriation is to provide the initial county funding to implement a GI pilot program in Montgomery County. The basic framework is that it will enroll 300 households and provide a payment of \$800 per month for 24 months. This will be a public-private partnership and the Meyer Foundation has recently approved a grant of \$1 million to support this effort. The County Executive has stated his support for this pilot program. Evaluation of the program will be built into the pilot as it is designed.

SUMMARY OF KEY DISCUSSION POINTS

- GI is seen as one strategy to address income and wealth inequality. Prior to the COVID-pandemic, it was estimated that 40% of Americans could not afford a \$400 emergency. In 2018, it was estimated that 47% of Montgomery County's renter households were rent burdened, paying more than 30% of their income for housing. COVID has disproportionately had a negative financial impact on women and people of color. GI can be an effect component of helping households recover from the economic impacts of COVID.

- Because GI allows people to make their own decisions it can address the specific circumstances of an individual or household and can be used as needed and to address the financial issues that impact that household. At the HHS Committee both Councilmembers and panelists emphasized the importance of the respect and dignity given to people when they determine how to use resources to move up the economic ladder. People who are so burdened by working multiple jobs to make ends meet may use this opportunity for education or gaining a certificate. It has also been shown that some families have used funds to invest in their children’s education.
- The basic framework for the Montgomery County GI pilot program is that it will enroll 300 households. They may be individuals or families with or without children. It is expected that up to 100 of the households will be residents in the homeless system (Continuum of Care). Enrolled households will live throughout the County.
- Montgomery County’s GI pilot program is a public-private partnership. The Meyer Foundation has committed \$1 million to support this program and the Council and Executive will work to leverage additional private philanthropy to support the full cost of the project. (Full cost of GI payments for 24 months is \$5.76 million. This special appropriation provides funding for the first seven months and the Meyer Foundation funding will also support the GI payments.)
- A planning effort is underway that is a partnership of the Department of Health and Human Services, the Meyer Foundation and the Collaboration Council to develop the design and criteria for how participants will be enrolled. At the session, the Meyer Foundation said they are investing in racial equity and systems change through this pilot. In addition, they are providing funding to the Collaboration Council to help lead in the planning effort. This will involve participation with other community serving non-profit organizations.
- Evaluation will be a built-in part of the GI pilot program with the Universities at Shady Grove, Morgan State University, and University of Maryland College Park supporting the evaluation effort. DHHS Director Crowel said that in addition to understanding how people’s lives are impacted, it is an opportunity to learn if there are opportunities to “de-silo” and better leverage county, State, and Federal benefits.
- Councilmember Rice shared that at the recent National Association of Counties’ Large County Caucus Conference, GI as a strategy to combat poverty was discussed by many participants and that people are paying attention to what Montgomery County is doing. Councilmember Jawando noted that this is the first pilot in Maryland, although other jurisdictions are contemplating undertaking a pilot as well.
- The Stockton Economic Empowerment Demonstration (SEED) pilot was launched in 2019 and provided 125 households in Stockton, California \$500 per month for 24 months. There were no conditions on the money, households could use it as they determined was best. The report on the first year results included these key findings: (1) Guaranteed income reduced income volatility – the month to month income fluctuations that households face; (2) Unconditional cash enabled recipients to find full-time employment; (3) Recipients of guaranteed income were healthier, showing less depression and anxiety and enhanced wellbeing; and (4) The guaranteed income alleviated financial scarcity creating new opportunities for self-determination, choice, goal-setting and risk-taking.

[SEED Preliminary+Analysis-SEEDs+First+Year Final+Report Individual+Pages+-2.pdf \(squarespace.com\)](#)

- Mayors for a Guaranteed Income was founded as the SEED program was coming to an end and many mayors across the country became interested in this strategy. There was a need for information and technical assistance. Their Year in Review Report is found at the following link and provides information on pilots that are in progress or under consideration. [MGI+Year+In+Review_2020_2021_Final.pdf \(squarespace.com\)](#)

Attached:

Special Appropriation Resolution ©1-3
Council Sponsored Special Appropriation: Racial Equity and Social Justice ©4-7

Link to December 6, 2021, Health and Human Services Committee staff report:

https://www.montgomerycountymd.gov/council/Resources/Files/agenda/cm/2021/20211206/20211206_HHS1.pdf

Alternative format requests for people with disabilities. If you need assistance accessing this report you may [submit alternative format requests](#) to the ADA Compliance Manager. The ADA Compliance Manager can also be reached at 240-777-6197 (TTY 240-777-6196) or at adacompliance@montgomerycountymd.gov

Resolution No.: _____
Introduced: _____
Adopted: _____

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

Lead sponsors: Councilmember Jawando and Council Vice President Alborno
Co-Sponsors: Councilmember Glass, Council President Hucker, Councilmember Rice,
Councilmember Riemer, and Councilmember Navarro

SUBJECT: Special Appropriation to the Fiscal Year 2022 Operating Budget
Montgomery County Government
Guaranteed Income Non-Departmental Account (NDA)
Guaranteed Income Pilot Program
\$1,993,832 (Source of Funds: General Fund Reserves)

Background

1. Section 308 of the County Charter provides that a special appropriation is an appropriation which states that it is necessary to meet an unforeseen disaster or other emergency, or to act without delay in the public interest. Each special appropriation shall be approved by not less than six Councilmembers. The Council may approve a special appropriation at any time after public notice by news release. Each special appropriation shall specify the source of funds to finance it.
2. Guaranteed Income (GI) provides direct, recurring cash payments to a targeted group of people to alleviate the impacts of living with low incomes and provide financial stability. It can also help address income and wealth gaps that result from systemic racial inequities. Unlike financial supports for very specific purposes, households determine how to use GI to best support their needs.
3. Prior to the COVID-19 pandemic, it was estimated that 40% of Americans could not afford a \$400 emergency. In 2018, the estimated County self-sufficiency income needed for a household with one adult, one preschool aged child and one school aged child was \$86,580, an hourly wage of \$40.99 per adult, and for a household with two adults and two school aged children was \$80,872, or an hourly wage of \$19.15 per adult. The July 2020 Housing Needs Assessment projects that from 2020-2040, almost 27% of new County households will have incomes between \$25,000 and \$49,999. In 2018 it was estimated that 47% of renter households in the County are cost-burdened, paying more than 30% of income for housing.

4. The COVID-19 pandemic has created further income disparities and challenges. Nationally, 115 million people experienced a loss in income since the start of the pandemic with women and minorities disproportionately impacted. Pew Research reports that nationally from February to May 2020, 11.5 million women lost employment compared to 9 million men. Hispanic women had a 21% loss of employment compared to a 13% loss for white women. Workers with less than a high school diploma had a 21% loss of employment compared to a 6% loss for those with a bachelor's degree. The Federal Reserve Bank of New York reports that from February 2020 to April 2020 small business ownership in the United States dropped by 22%, but Black ownership dropped by 41%. An H&R block survey indicated that 53% of Black small business owners saw revenue drop by at least half compared to 37% of white owners. New and innovative approaches are needed to support household recovery in the post-pandemic economy. GI can be a key component of a COVID recovery strategy.
5. A 24-month GI pilot, the Stockton Economic Empowerment Demonstration (SEED), was completed in 2021. Results from the first-year show that money was used wisely and improved the lives of participants. At the beginning of the program 28% of participants were employed, this grew to 40% one year later. Mental health and emotional well-being improved. Money was most often used for food but also for items such as utilities, auto care, medical, and education. Mayors for a Guaranteed Income's year in review report highlights eight GI pilot programs underway and notes that 16 more are "in the works." The monthly income payments range from \$400 to \$1,000 dollars and most payment periods range from 12 to 24 months.
6. Montgomery County's GI pilot will be a public-private partnership. The Meyer Foundation, which "pursues and invests in solutions that build an equitable Greater Washington community in which economically disadvantage people thrive," will partner with Montgomery County and support this pilot program.
7. The County Executive has stated his support for this GI pilot. The Executive will collaborate with the Council to pursue additional private and community-leveraged philanthropy and recommend any County funds needed to complete the 24-month pilot.
8. The Council and the Executive will collaborate to ensure there is a robust, researched based evaluation of this GI pilot. In addition to evaluating the impacts on the wellbeing of the participant households, the evaluation will provide findings and recommendations to help determine if direct unrestricted cash assistance could reduce barriers and administrative redundancies that come from requiring people to apply to and qualify for multiple assistance programs.
9. Notice of a public hearing was given and a public hearing was held.

Action

The County Council for Montgomery County, Maryland approves the following resolution:

A special appropriation to the FY 2022 Operating Budget of the Montgomery County Government, in the amount of \$1,993,832 is approved as follows:

	<u>Personnel Expense</u>	<u>Operating Expense</u>	<u>TOTAL</u>	<u>Source of Funds</u>
Guaranteed Income NDA	\$0	\$1,993,832	\$1,993,832	General Fund Reserves

These funds will be used to implement a Guaranteed Income pilot program that will serve 300 households that may be individuals or families with or without children. A portion of the households will be from the Continuum of Care. The program must provide each household a payment of \$800 per month for 24 months. These funds may be used for the direct payments to participants, contracting and administrative costs, and costs associated with evaluation.

The funds appropriated in this resolution must be placed in a General Fund account in which any unspent funds must be re-appropriated in Fiscal Year 2023 and Fiscal Year 2024.

This appropriation is needed to respond to a public health emergency and to act without delay in the public interest.

This is a correct copy of Council action.

Selena Mendy Singleton, Esq.
Clerk of the Council

Council Sponsored Special Appropriation: Racial Equity and Social Justice

SUBJECT:

Special Appropriation to the FY22 Operating Budget

Guaranteed Income Non-Departmental Account – Guaranteed Income Pilot Program

\$1,993,832 (Source of Funds: General Fund Reserves)

Lead Sponsors: Councilmember Jawando and Council Vice President Albornoz; Co-Sponsors: Councilmember Glass, Council President Hucker, Councilmember Rice, Councilmember Riemer, and Councilmember Navarro

Introduced October 26, 2021; Public Hearing November 2, 2021; HHS Committee session held December 6, 2021; recommended approval. Action scheduled for December 14, 2021

Description and Background

This special appropriation will provide initial partial funding for a Guaranteed Income (GI) Pilot Program in Montgomery County. (Guaranteed Income is also referred to as Guaranteed Basic Income).

GI is a direct, recurring cash payment to a specific, targeted group of people without strings attached. The purpose of GI is to alleviate poverty, provide a form of financial stability, and give people the ability to make their own choices to improve their economic position.

The framework for the Montgomery County GI Pilot Program is that it will serve 300 households, households may be individuals or families with or without children. Each household will receive \$800 per month for 24 months. It is expected that 100 households will be in the County's homeless continuum of care either exiting homelessness or recently exited homelessness. The enrollment process has not been determined. The Collaboration Council is leading a planning committee with the Meyer Foundation and Department of Health and Human Services (DHHS). The Universities at Shady Grove, Morgan State University, and University of Maryland College Park are participating in planning for the evaluation.

This special appropriation will provide 7 months of direct payments (\$1,680,000) and funding for DHHS administration and coordination of the evaluation component. The Meyer Foundation is contributing \$1 million toward the direct payments and is also supporting the Collaboration Council's planning leadership.

Data

In 2019, 7.4% of the County's residents lived in poverty. The Federal Poverty Level for 2019 was \$12,490 for a household of one and \$25,750 for a household of four. For a household of four this would have been 23% of the county's median income of \$110,389.

Data from the Montgomery County 2019 Racial Equity Profile for Montgomery County¹ showed a significant disparity among childhood poverty and poverty in general in 2017.

Poverty by Race/Ethnicity 2017	Under 18	All Ages
White	3.4%	4.0%
Asian	5.8%	5.8%
Black/African American	18.7%	11.2%
Latino/Hispanic	15.8%	11.1%
Other	20.2%	14.6%

The American Community Survey reported that the 2017 median income for White households was \$119,426 compared to \$72,587 for Black households and \$71,847 for Latino households.

The Housing Needs Assessment completed for the Montgomery County Planning Department found that from 2000 to 2018 one in two new households earned \$50,000 or less and that about half of those earned \$25,000 or less.

The 2019 Racial Equity Profile also showed that more than half of Black and Latino households are housing cost burdened.

Housing Burden by Race/Ethnicity 2017	
White	44.7%
Asian	42.7%
Black/African American	54.5%
Latino/Hispanic	62.2%
Other	71.6%

Housing burdened is paying more than 30% of income for housing

The Housing Needs Assessment also found that in 2018 there was a gap of 23,030 housing units affordable to households earning 30% or less of area median income (AMI) and that the gap for this level of affordable housing has deepened since 2014.

The federal COVID rent assistance program also highlights these disparities. The November 17, 2021 Pulse Report shows that 53% of applicants for COVID Rent Assistance are Black and 30% are Hispanic. 71% of applicants report a household income of 30% or less of AMI and the median household income for all applicants is \$17,518.

Individuals and families in the homeless continuum of care are disproportionately Black or African American. The Point in Time Count reported that for single adults 60% are Black or

¹ <https://www.montgomerycountymd.gov/OLO/Resources/Files/2019%20Reports/RevisedOLO2019-7.pdf>

African American and 4% are multiple races. 17% identify as Latino. For families, 78% are Black and 5% are multiple races. 9% of families identify as Latino.

Insufficient income is a cause of food insecurity. The 2019 Feeding America Meal Gap Project estimated that 8.6% of Montgomery County residents (89,270) were food insecure, the rate for children was 9.5%. Food insecurity has risen during the COVID-19 pandemic and in recent months, food prices have risen substantially.

Experience/Evaluation

The Stockton Economic Empowerment Demonstration (SEED) pilot was launched in 2019 and provided 125 households in Stockton, California \$500 per month for 24 months. There were no conditions on the money, households could use it as they determined was best. The report on the first year results included these key findings: (1) Guaranteed income reduced income volatility – the month to month income fluctuations that households face; (2) Unconditional cash enabled recipients to find full-time employment; (3) Recipients of guaranteed income were healthier, showing less depression and anxiety and enhanced wellbeing; and (4) The guaranteed income alleviated financial scarcity creating new opportunities for self-determination, choice, goal-setting and risk-taking.

[SEED Preliminary+Analysis-SEEDs+First+Year Final+Report Individual+Pages+-2.pdf \(squarespace.com\)](#)

County Council 2021 Summer Fellow Eva Acevedo provide a report “A Framework for a Guaranteed Basic Income Pilot in Montgomery County which, in addition to Stockton, discussed the Magnolia’s Mother’s Trust in Jackson, Mississippi. The program specifically targets Black mothers. The first cohort provided \$1,000 per month for 12 months to 20 Black mothers living in subsidized housing and the second cohort was for 110 mothers. In the first cohort, 37% of mothers reported being able to pay their bills on time and this increased to 80%. For the second cohort the percentage increased from 27% to 83%. Health insurance coverage for participants increased by 25%.

https://www.montgomerycountymd.gov/COUNCIL/Resources/Files/Summer_Fellows/2021/EvaAcevedo.pdf

Mayors for a Guaranteed Income was founded as the SEED program was coming to an end and many mayors across the country became interested in this strategy. There was a need for information and technical assistance. Their Year in Review Report provides information on pilots that are in progress or under consideration.

[MGI+Year+In+Review 2020 2021 Final.pdf \(squarespace.com\)](#)

Council Staff Comments

The main purpose of GI is to address poverty and help households better their economic condition. In Montgomery County, households in poverty or with very low or low incomes are disproportionately people of color. As the framework calls for serving households in the homeless continuum, it will also be focused on a population that is disproportionately people of color.

The planning for the enrollment criteria and process are underway but not yet determined. Because the planning is still underway, it cannot be said at this time what percent of the enrollees will be people of color. The framework calls for serving households who live throughout the county.

Based on the experience of the SEED program, it is expected that households will increase full time employment and incomes and that mental well-being will improve. Additionally, this pilot program will inform the County about the significance of the “benefits cliff” and provide insights in how to best provide financial support to households with a focus on improving outcomes and reducing administrative costs that come with requiring households to enroll in multiple programs.

Written by: Linda McMillan, Senior Legislative Analyst