



**Committee:** Directly to Council  
**Committee Review:** At a future date  
**Staff:** Linda McMillan, Senior Legislative Analyst  
**Purpose:** To introduce agenda item – no vote expected  
**Keywords:** Guaranteed Income, GI

AGENDA ITEM #5A  
October 26, 2021  
**Introduction**

## **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 Albornoz; Co-Sponsors: Councilmember Glass, Council President Hucker, Councilmember Rice, and Councilmember Riemer

## **EXPECTED ATTENDEES**

None

## **COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION**

- Introduction
- Public hearing is scheduled for November 2, 2021, at 1:30 p.m.

## **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.

- 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. A planning effort is underway with the Department of Health and Human Services in partnership with the Meyer Foundation and Collaboration Council to develop the design and criteria for how participants will be enrolled. 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.)
- Evaluation will be a built-in part of the GI pilot program with the Universities at Shady Grove supporting the evaluation effort.
- 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 household 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:**

Resolution to amend Resolution 19-872

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Resolution No.: \_\_\_\_\_  
Introduced: \_\_\_\_\_  
Adopted: \_\_\_\_\_

**COUNTY COUNCIL  
FOR MONTGOMERY COUNTY, MARYLAND**

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

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**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>
Guaranteed Income NDA	\$0	\$1,993,832	\$1,993,832

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.

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Selena Mendy Singleton, Esq.  
Clerk of the Council