THE PRINCE GEORGE'S COUNTY GOVERNMENT

Office of Audits and Investigations

March 20, 2023

FISCAL AND POLICY NOTE

TO: Jennifer A. Jenkins,
Council Administrator

William M. Hunt
Deputy Council Administrator

THRU: Josh Hamlin
Director of Budget and Policy Analysis

FROM: Shalene Miller-Whye
Legislative Budget and Policy Analyst

RE: Policy Analysis and Fiscal Impact Statement
CR-018-2023 Guaranteed Basic Income Pilot

CR-018-2023 (*Sponsored by*: Councilmember Oriadha, Olson, Ivey, Blegay, Burroughs, and Dernoga)

Assigned to Health, Human Services, and Public Safety (HHSPS) Committee

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A RESOLUTION concerning the Guaranteed Basic Income Pilot Program for the purpose of creating the Guaranteed Basic Income Pilot Program, to be modeled after the Stockton Economic Empowerment Demonstration (SEED) program in Stockton, California; and tailored to the needs and resources in Prince George's County, Maryland in conjunction with aid from the Greater Washington Community Foundation.

Fiscal Summary

Direct Impact:

Expenditures: Additional expenditures of up to $2,000,000.

Revenues: None.

Indirect Impact:

Likely Favorable.

Legislative Summary:

CR-018-2023 sponsored by Council Members Oriadha, Olson, Ivey, Blegay, Burroughs, and Dernoga, was introduced on March 14, 2023, and referred to the Health, Human Services, and Public Safety (HHSPS) Committee. In conjunction with The Greater Washington Community Foundation, CR-018-2023 would establish a sub-committee to develop a 24-month pilot program modeled after the Stockton Economic Empowerment Demonstration SEED) program, in Stockton, California to offer cash assistance to select Prince George's County residents.

Current Law/Background:
Guaranteed Basic Income is a supplemental cash assistance program provided to individuals with no requirements or strings attached. Pilot programs across the Country have made cash assistance available to participants based on vulnerability and financial need.[1] Guaranteed Basic Income Programs have been piloted across the Country and made popular over the last several years in several jurisdictions.[2]

Jurisdictions running Guaranteed Basic Income pilots include:

- Montgomery County, Maryland
- Baltimore, Maryland
- Alexandria, Virginia
- Los Angeles County
- Newark, New Jersey
- New York City
- Atlanta, Georgia
- Stockton, California

Stockton Economic Empowerment Demonstration (SEED) Program has pioneered Guaranteed Basic Income, offering cash payments to the most vulnerable populations without any strings attached. This does not require repayment.[3] Neighboring jurisdictions Montgomery County, Baltimore and Alexandria have all initiated pilot programs with the following stipulations.

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[1] https://guaranteedincome.us/about
[2] https://guaranteedincome.us/
[3] https://www.povertylaw.org/article/guaranteed-income/#:~:text=A%20guaranteed%20income%20program%20provides%20recurring%20cash%20payments%2C,reducing%20the%20racial%20wealth%20gap%20and%20increasing%20equity.

Montgomery County:

- $800 per month for 24 months to 300 participants
- University partnership for the evaluation process[4]

Alexandria, VA:

- $500 per month for 24 months to 170 participants
- Evaluation firm partnership for the evaluation process[5]

Baltimore City:

- $1,000 per month for 24 months to 200 participants
- Evaluation firm partnership for the evaluation process[6]

Resource Personnel:

- Kony Serrano Portillo, Deputy Chief of Staff, Council District 7

Discussion/Policy Analysis:

Stockton's SEED program developed a report to highlight several outcomes of the program which include:

- Long-term economic stability
- An increase in job prospects
- Reduction in stress in anxiety and overall well-being increase

Long-term economic stability has shown to be an outcome of Guaranteed Basic Income in ways that allowed Stockton residents to reduce their income volatility on a month-to-month basis. Through this, participants could pay off debts and cover unexpected expenses.
An increase in job prospects was demonstrated, as participants saw a 12% increase from part-time employment to full-time employment. The payment reduced materials barriers in the way of full-time employment including the ability to participate in training and course-work programs for better job prospects.

Overall, the decrease in financial strain for participants led to an overall reduction in stress, anxiety, and depression. Research has demonstrated that the main uses of cash payments to Guaranteed Basic Income programs include:

- Food
- Sale/Merchandise
- Utilities

[4] https://mocoboost.org/about/
[5] https://www.alexandriava.gov/economic-support/faqs-about-arise-the-guaranteed-income-pilot
[6] https://www.bmorechildren.com/guaranteed-income

- Auto Care[7]

When considering participants for this program, there is a need within the County. 11.5% of Prince George's County residents are living below the poverty line.[8] While 51% are cost-burdened renters, paying more than 30% of their income on rent.[9] This has led to economic instability and income volatility amongst this population of the County's residents.

Research has demonstrated that guaranteed income payments have been a helpful supplement in reducing economic instability amongst participants and filling gaps left by safety net programs.[10], There has been little research shown on the long-term effects of these payments on other cash assistance and safety net programs.

Fiscal Impact:

- *Direct Impact*

Adoption of CR-018-2023 would have an adverse fiscal impact in the form of additional expenditures of up to $2,000,000.

- *Indirect Impact*

Adoption of CR-018-2023, may have a favorable long-term indirect fiscal impact, to the extent that payments under the pilot and any subsequently implemented permanent program result in a decrease in the use of County provided safety net programs.

- *Appropriated in the Current Fiscal Year Budget*

No.

Effective Date of Proposed Legislation:

This Resolution takes place immediately upon adoption.

If you require additional information or have questions about this fiscal impact statement, please reach out to me via phone or email.

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[7] https://static1.squarespace.com/static/6039d612b17d055cac14070f/t/603ef1194c474b329f33c329/1614737690661/SEED_Preliminary+Analysis-SEEDs+First+Year_Final+Report_Individual+Pages+-2.pdf
[8] https://censusreporter.org/profiles/05000US24033-prince-georges-county-md/
[9] https://hit.handhousing.org/jurisdictions/pg
[10] https://www.povertylaw.org/article/guaranteed-income/