

Developing a Guaranteed Basic Income Pilot Program in Los Angeles County

The high cost of living in Los Angeles County makes it extremely difficult for low-income individuals and families to make ends meet, and particularly challenging for those receiving public assistance. The amount of earned income allowed under most public assistance programs actually impede an individual’s or family’s economic mobility. Limiting families to this maximum income causes the “cliff effect,” whereby a slight increase in earned income causes their benefits to be reduced and eventually terminated altogether. They also lose the ancillary support services they receive, such as help with transportation, domestic violence services, housing, mental health services.

A basic income – also called basic income guarantee, universal basic income, or basic living stipend – is a program in which a predefined population receives a regular sum of money from for a short period of time. The Guaranteed Basic Income (GBI) concept provides counties with an opportunity to demonstrate that providing low-income individuals and families with stable income can not only support financial

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stability but also overall well-being by giving participants the freedom to spend money on their most immediate needs. Years of research has shown that when given unrestricted payments, recipients are able to create economic stability for themselves and their families. The GBI concept is also a powerful tool to combat poverty while also addressing related issues of health, education, housing stability, and equity.

Unrestricted payments are the simplest yet most powerful way to provide immediate help to struggling County residents during these uncertain times.

The concept of providing financial public support is not unprecedented, and the serious economic challenges that the pandemic brought about intensified interest in GBI in California. In 2019, City of Stockton launched a GBI program, called the Stockton Economic Empowerment Demonstration (SEED). SEED gave 125 randomly selected residents \$500/month for 24 months, which they were free to spend as they chose. In the first year of the program, participants showed less income volatility. Having this added resource allowed them to pay for unexpected expenses, pay down debt, and alleviate strain from unpaid care work, food insecurity and underemployment. It also helped to stabilize vulnerable households as the pandemic started. Unconditional cash also showed promising results that enabled recipients to find full-time employment, allowed for goal setting and risk-taking, and improved overall well-being. Additionally, the Governor's May Revision Budget includes \$35 million over five years for Universal Basic Income pilot programs. These pilot programs would be locally administered, require a local – match commitment, and target low-income residents. The County should explore partnering with the state on this initiative.

Los Angeles County has a 22.3% poverty rate, the highest in California. Given

this, in 2019 the Board passed a motion to establish a Center for Financial Empowerment in the Department of Consumer and Business Affairs to help cultivate partnerships and initiatives designed to help improve the financial health of County residents. The Center is well versed in asset-building initiatives and can serve as a strong thought partner in the program design and implementation of this work. A well-crafted GBI program has the potential to assist low-income families to meet basic needs and be placed on a path to economic mobility. However, given the widespread economic impacts of the pandemic, the County should explore tools to enhance the outcomes and benefits of such a program to its recipients. As evidenced by the County's Center for Financial Empowerment Financial Navigators, residents continue to need assistance with complex financial challenges that can have long-term impacts on the well-being of a family.

I, THEREFORE, MOVE that the Board of Supervisors instruct the Director of the Department of Public Social Services, and in consultation with other Departments as appropriate, to report back in 60 days on a comprehensive roadmap to implement a Guaranteed Basic Income (GBI) program. The report should include the process for implementing GBI, coordination with the State's Universal Basic Income program, what it takes to fund this program, any funding considerations, approvals needed, any required waivers, wrap around services to enhance program outcomes including financial coaching, and the populations that could be served.

I FURTHER MOVE that the Board of Supervisors instruct the Director of the

Department of Public Social Services to develop options and report back within 120 days for demonstration projects to test the GBI concept with various populations regardless of immigration status such as CalWORKs families, transition-aged youth, formerly incarcerated individuals, individuals on General Relief, low-income individuals, along with the type of funding and amount of recurring cash being proposed to support these demonstration projects.

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