

SUBJECT: **WEST HOLLYWOOD GUARANTEED INCOME PILOT PROJECT:
UPDATE ON DEVELOPMENT AND IMPLEMENTATION**

PREPARED BY: **HUMAN SERVICES AND RENT STABILIZATION DEPARTMENT**
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STATEMENT ON THE SUBJECT:

The City Council will consider approving agreements for services for the research/evaluation partner and the non-profit administrative partner for the West Hollywood Guaranteed Income pilot program. Additionally, the Council will consider authorizing the allocation of Westside Cities Council of Governments (COG) funds as revenue and then as an expenditure to the non-profit partner for participant distribution funds, adopting a resolution to approve service agreements and acknowledge the public purpose of the pilot, and will receive an update on the pilot's progress towards launch.

RECOMMENDATIONS:

- 1) Approve an agreement for services with the Center for Guaranteed Income Research at the University of Pennsylvania for \$86,236 for the research and evaluation of the pilot.
- 2) Approve an agreement for services with the National Council of Jewish Women for \$648,638 (includes \$450,000 of external participant distribution funds) for the administration of the pilot.
- 3) Authorize the City Manager or designee to execute documents incident to the agreements.
- 4) Authorize the Director of Finance & Technology Services to allocate the City's allocation of Westside Cities Council of Governments Measure H funds, totaling \$337,500 by increasing the revenue and expenditure budget in the Grants Fund so that the \$337,500 will pass through to NCJW as part of the disbursement funds for the City's Guaranteed Income project. The first installment of \$112,500 will be awarded for January-June 2022, with the \$225,000 balance expected in July of 2022.
- 5) Adopt Resolution No. 21-_____ "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WEST HOLLYWOOD APPROVING SERVICE AGREEMENTS FOR THE CITY'S GUARANTEED INCOME PILOT PROGRAM AND ACKNOWLEDGING THE PUBLIC PURPOSE OF THE PILOT."
- 6) Receive and file an update on the pilot launch.

BACKGROUND / ANALYSIS:

In January 2021, the City Council approved an item for the City of West Hollywood to join the Mayors for Guaranteed Income (MGI) network and directed staff to develop a guaranteed income pilot program for West Hollywood, including identification of research, funding, community implementation, and evaluation partners.

There are numerous cities, counties and private guaranteed income pilots happening throughout the nation, all providing unconditional cash payments to determine the impact of guaranteed income. The City of West Hollywood seeks to test the emerging promise of guaranteed income as a means to prevent homelessness, support community members to age in place, and to reduce the stressors of poverty and financial insecurity. The City, with the help of MGI and the Center for Guaranteed Income at the University of Pennsylvania (CGIR), has developed a data-driven guaranteed income pilot that will be the first LGBTQIA-focused pilot and the first older adult-focused pilot in the nation.

Focusing these efforts on LGBTQIA¹ older adults living on a low income aligns with the City's history, current demographics, and data indicating the vulnerability of this population. National data shows that LGBT older adults are financially less secure than their non-LGBT peers due to lifelong disparities and barriers to accessing programs that support aging adults. According to the Williams Institute at UCLA's School of Law, the national poverty rate for LGBT people is 21.6% as compared to 15.7% for cisgender non-LGBT people.

The local community's high percentage of older adults living in poverty and the high percentage of LGBTQIA residents makes West Hollywood an ideal location to pilot this focused intervention. The 2019 West Hollywood Community Study previously identified the financial vulnerability of LGBT individuals, older adults, and community members living on fixed, low incomes. According to Community Study data, residents ages 55 and older make up 23% of the City's population, but 44% of the residents living in poverty. Overall, 22% of the City's residents live on a fixed income, 14% live below the Federal Poverty level, and 27% of households have incomes of up to 200% the Federal Poverty Level. Additionally, nearly 80% of West Hollywood residents are renters, and the cost of rent is higher in West Hollywood than many other areas and is not a fixed cost.

The economic impacts of the COVID-19 pandemic have exacerbated the challenges facing people living in poverty and created financial stress for countless others who have lost jobs/wages. Since March 16, 2020, the City of West Hollywood has provided more than \$1.5 million dollars in rental assistance to West Hollywood residents that were unable to pay their rent due to COVID-related impacts.

The West Hollywood guaranteed income pilot program will provide \$1,000 per month for 18 months to 25 recipients who will be randomly selected by the CGIR from a pool of applicants, each of whom must meet the following eligibility criteria:

¹ LGBTQIA and LGBT are both intentionally used in this document. When referring to previously collected data, LGBT is used as it was cited by the authors of the studies that collected the data. However, this pilot is designed to be inclusive of community members identifying as Queer, Intersex, and Asexual as well as Lesbian, Gay, Bisexual and Transgender.

- West Hollywood resident
- Lesbian, gay, bisexual, transgender, queer, intersex or asexual (LGBTQIA) community member
- 50 years of age or older
- Low income (living with income up to 200% of the Federal Poverty Level)

The West Hollywood's guaranteed income pilot goals are to examine:

- 1) Effectiveness of guaranteed income on participants' housing stability, health and mental health, and economic security;
- 2) Quantitative data to evaluate the collective impact of guaranteed income on different populations;
- 3) Unique qualitative narrative and ethnographic information to provide greater understanding into the income challenges faced by LGBTQIA older adults in West Hollywood and inform the creation of evidence-based policies and programs to support the health and well-being of LGBTQIA older adults; and
- 4) Test the concept of guaranteed income to evaluate whether to expand the initial pilot or create new/additional pilots in the City.

Pilot Partners

The infrastructure required to successfully operate a guaranteed income demonstration is complex -- it requires an evaluation partner, an implementation partner, and disbursement partner. However, the benefit is that guaranteed income pilots serve as both social initiative and research study -- providing a service to the community, while also offering the opportunity to learn valuable information that will inform the creation of future, evidence-based policies and programs.

The City will be engaging two non-profit partners in the pilot. The first is the research and evaluation partner responsible for creating and administering the research instruments, conducting the randomized selection of eligible applicants to participate in the pilot, collecting/processing/analyzing the data, and providing a report on the findings. Staff is recommending the authorization of a three-year contract with the Center for Guaranteed Income Research at University of Pennsylvania to be the research and evaluation partner. CGIR is conducting the research/evaluation for more than 29 guaranteed income pilots throughout the country and offers a unique and highly specialized level of expertise in an emerging area of study. The co-directors of CGIR were the design and research team for the well-known Stockton Economic Empowerment Demonstration (SEED) and bring more than two decades of expertise in research, advocacy and social work practice on economic justice and asset building. The Center's proficiency at mixed-method data collection will allow the City of West Hollywood to gather focused data on the impact of guaranteed income as a means of increasing financial stability and reducing poverty. The agreement with CGIR is a sole source contract as the service, experience, and knowledge provided by CGIR provide are unique, specialized, and required to meet the goals of the pilot listed above.

The City's second partner in the pilot is the non-profit administrator. A competitive Request for Qualifications (RFQ) process led to the selection of National Council of Jewish Women ("NCJW") as the agency to implement the pilot. NCJW was selected for its knowledge, experience, and understanding of the nuances of guaranteed income. NCJW developed and has been implementing a guaranteed micro-pilot for caregivers this past year. In addition to its work in the area of guaranteed income, NCJW has partnered with the City over the past 15 years to provide various social services to a wide range of community members. NCJW has also been one of the two City-contracted agencies providing rental assistance to community members in need, a program that has grown exponentially over the past 19 months due to the impacts of COVID.

In its role as non-profit administrator for the guaranteed income pilot, NCJW will be responsible for conducting outreach to the community about the pilot, assisting community members to complete applications, verifying that West Hollywood residency and other pilot criteria are met to ensure the eligibility of each applicant, submitting the completed and verified applications to CGIR for the randomized selection of participants, and notifying the participants selected by CGIR. The non-profit administrator will also conduct onboarding and provide individualized benefits counseling for each participant. NCJW will also manage a storytelling cohort and storytelling activities that complement the research component of the pilot and provide the participants an opportunity to share their experiences in their own voices. In addition, the non-profit administrator will subcontract and coordinate services with a non-profit financial distributor (utilizing debit card services) to ensure that funds are distributed to participants in a timely, predictable, and seamless fashion.

As the participants' distribution funds will not come from City funds, NCJW will receive pass-through funds from West Hollywood's allocation of Los Angeles County Measure H funds through the Westside Cities Council of Governments (COG) and directly from an individual philanthropic donor (as discussed below). Finally, the non-profit administrator will work with other City-contracted non-profit agency partners to connect participants with available social services based on need and interest.

Pilot Funding and Launch Update

In May 2021, California Governor Gavin Newsom announced \$35 million dollars would be allocated from the state budget to support guaranteed income pilots throughout California. At the time, the City of West Hollywood planned to apply for the funding. Subsequently, the target populations eligible for the state's funding were targeted to those pilots created for youth exiting the foster system and pregnant women. Therefore, City staff continued to work with MGI, CGIR, Southern California Grantmakers, and AARP to explore additional funding opportunities with like-minded partners.

The City will be funding the administrative costs of the pilot from funds budgeted for fiscal year 2021-2022 (see chart below); the total contract amounts for both agreements cover a three-year period (inclusive of pre-launch preparation, the 18-month pilot, and post-pilot data collection). The funds for 2022-23 fiscal year and 2023-24 fiscal year are expected to be allocated from the same lines as the 2021-22 fiscal year.

Administrative costs include \$86,236 for the agreement for research/evaluation services with CGIR and \$198,639 for the administrative portion of the \$648,638 agreement with NCJW for the non-profit administrator services. The \$198,639 includes \$18,639 for the subcontract with a non-profit financial distributor providing debit-card related services. The \$450,000 balance represents the direct monthly payment of \$1,000 to each of the 25 participants for 18 months; no City dollars will be used for this portion.

The \$450,000 in direct funds to participants will come from two external sources: (1) \$337,500 will come from the Los Angeles County Measure H Innovation funds for homelessness prevention, distributed through the Westside Cities Council of Governments (COG), which will be received by the City and passed through to NCJW, the non-profit administrator and (2) the balance, \$112,500, will come from a private donor who is an alumni of the University of Pennsylvania and is interested in guaranteed income projects, honoring her late partner, and supporting both the LGBTQIA and older adult populations. Her donation will be made directly to NCJW with the funds earmarked for the West Hollywood pilot. The \$1,000 monthly that is distributed to the pilot participants from NCJW will be unconditional -- not in exchange for any services -- and promotes the organization's mission to advance economic justice. Accordingly, as unearned income distributed by a non-profit organization in furtherance of its mission, the direct funds that NCJW distributes to participants should not be subject to federal tax. Additionally, as stated above, the non-profit administrator will ensure benefits counseling is available for potential pilot participants, so as not to jeopardize any existing financial or other benefits.

Although the participant distribution funds will not utilize City dollars, it should still be noted that the prohibition against gifts of public funds under California Constitution Article XVI, Section 6, does not preclude expenditures or disbursements of City funds for public purposes, even if a private person incidentally benefits. As stated above, the City of West Hollywood is implementing a guaranteed income pilot to evaluate it as an intervention for the general welfare of the community to prevent homelessness, support community members to age in place, and to reduce the stressors of poverty and financial insecurity. To that end, the attached resolution approving the contracts with CGIR and NCJW includes a finding that City funds, if any, used in the pilot are for identified public purposes.

The launch for the West Hollywood Guaranteed pilot is expected to take place in the first quarter of 2022.

CONFORMANCE WITH VISION 2020 AND THE GOALS OF THE WEST HOLLYWOOD GENERAL PLAN:

This item is consistent with the Primary Strategic Goal(s) (PSG) and/or Ongoing Strategic Program(s) (OSP) of:

- OSP-5: Support People through Social Services.
- OSP-12: Actively Participate in Regional Issues.

In addition, this item is compliant with the following goal(s) of the West Hollywood General Plan:

- HS-1: Maintain and pursue humane social policies and social services that address the needs of the community.

EVALUATION PROCESS:

This pilot program will include a strong research and evaluation component conducted by the Center for Guaranteed Income Research at the University of Pennsylvania; it will include a program officer/principal investigator and research fellow to gather and analyze both quantitative and qualitative data from the West Hollywood pilot. Following the conclusion of the pilot program, there will be additional data analysis and evaluation, and a final report will be presented to the Council and the community.

ENVIRONMENTAL SUSTAINABILITY AND HEALTH:

Enhanced mental health outcomes have been noted in the research from other pilot programs. Mental health, health, and homelessness prevention/housing retention outcomes will be measured as part of the pilot's evaluation as they all are integral to promoting several of the City's priority issues, including Aging in Place/Aging in Community, the West Hollywood Homeless Initiative, and the City's Poverty Reduction Initiative.

COMMUNITY ENGAGEMENT:

The City will work with the selected non-profit administrator to develop an outreach and education campaign, as well as utilizing various communications channels to ensure the community has the opportunity to participate in the application process. Once pilot participants are randomly selected by the CGIR, participants will have the opportunity to share their stories about the impact of guaranteed income on their lives.

OFFICE OF PRIMARY RESPONSIBILITY:

HUMAN SERVICES & RENT STABILIZATION DEPARTMENT/STRATEGIC INITIATIVES DIVISION

FISCAL IMPACT:

None. The total estimated program cost for this pilot program is \$734,875 over the next three fiscal years. The total estimated pilot program grant funding (for participant distribution) is \$450,000. Administrative and evaluation costs for FY22 will be incorporated into the City's existing operating budget using program funding for Aging in Place and homelessness prevention. FY23 and FY24 are expected to be absorbed into those budget years without further impacting the operational budget, funding needs, or staffing functions of the Human Services and Rent Stabilization Department. Details for the overall program, as well as for each contract approved with this item, are provided below.

Estimated Pilot Program Costs and Revenues

Pilot Program Costs	Total	FY22	FY23	FY24
Guaranteed Income Distribution to Program Participants	\$450,000	\$112,500	\$225,000	\$112,500
Nonprofit Administrative Partner - Grant Administration	\$180,000	\$50,000	\$90,000	\$40,000
Nonprofit Administrative Partner - Debit Cards	\$18,639	\$18,639		
Academic Partner - Evaluation	\$86,236	\$43,118	\$43,118	
<i>Total Estimated Costs</i>	<i>\$734,875</i>	<i>\$224,257</i>	<i>\$358,118</i>	<i>\$152,500</i>

Pilot Program Revenues	Total	FY22
Los Angeles County Measure H Funds	\$337,500	\$337,500
Individual Private Donation	\$112,500	\$112,500
<i>Total Estimated Revenues</i>	<i>\$450,000</i>	<i>\$450,000</i>

The proposed expenditures for the two contracts – with the Center for Guaranteed Income Research for a not-to-exceed amount of \$86,236 and with the National Council of Jewish Women for a not-to-exceed amount of \$648,639 (including the \$450,000 of pass-through dollars from the Los Angeles County Homeless Initiative Measure H for \$337,500 and \$112,500 from the private donor) - are budgeted for fiscal year 2021-2022 in accounts 100-3-05-54-536035 (Homelessness Prevention), 100-3-05-54-536038 (Aging In Place), and Measure H funds for \$337,500 will be allocated from the Grants Fund (Fund 202). The Grants Fund is increased in both revenue and expenditures by \$337,500; therefore, there is no net impact.

No City of West Hollywood tax revenue will be utilized for the participant distribution as detailed above.

GUARANTEED INCOME PILOT BUDGET	COST	FUNDING SOURCE
CGIR		
Center for Guaranteed Income Research at University of Pennsylvania Research and Evaluation Services	\$86,236	City of West Hollywood
Center for Guaranteed Income Research Total	\$86,236	
NCJW		
NCJW Non-Profit Administrator Services	\$180,000	City of West Hollywood
NCJW Subcontract with Financial Distributor	\$18,639	City of West Hollywood
NCJW Subtotal for Admin	(\$198,639)	
NCJW Participant Distribution Cost		
	\$337,500	Los Angeles County Homeless Initiative (Measure H) pass through
	\$112,500	Private Donor direct donation to NCJW
NCJW Subtotal for Participant Costs	(\$450,000)	
NCJW Total	\$648,639	

ATTACHMENTS:

Attachment A - Agreement for Services with the Center for Guaranteed Income Research at University of Pennsylvania

Attachment B - Agreement for Services with National Council of Jewish Women (NCJW)

Attachment C - Resolution No. 21-_____ “A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WEST HOLLYWOOD APPROVING SERVICE AGREEMENTS FOR THE CITY’S GUARANTEED INCOME PILOT PROGRAM AND ACKNOWLEDGING THE PUBLIC PURPOSE OF THE PILOT.”