

MEMORANDUM

April 26, 2022

TO: Health and Human Services Committee

FROM: Essie McGuire, Senior Legislative Analyst

SUBJECT: FY23 Operating Budget: Guaranteed Income Pilot Non-Departmental Account

PURPOSE: Review operating budget and make recommendations to Council; vote expected

Expected Attendees:

Dr. Raymond Crowel, Director, Department of Health and Human Services (DHHS)
Victoria Buckland, Chief Operating Officer, DHHS
Amanda Harris, Chief, Services to End and Prevent Homelessness, DHHS
Dr. Richon Nembhard, Project Development Manager, DHHS
Jason Rundell, Management and Budget, DHHS
Deborah Lambert, OMB

GUARANTEED INCOME PILOT NON-DEPARTMENTAL ACCOUNT

SUMMARY

- On December 14, 2021, the Council approved a special appropriation of \$1,993,832 to initiate the Guaranteed Income Pilot Program.
- For FY23, the County Executive recommends a total of \$2,563,502 in the Guaranteed Income Pilot Non-Departmental Account (NDA).
- Montgomery County's Guaranteed Income 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.
- Council staff recommends approval of the County Executive's FY23 recommended funding level for the Guaranteed Income Pilot NDA.

BACKGROUND

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. 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 program will enroll 300 households. They may be individuals or families with or without children, and enrolled households will live in different parts of the County. Participants will receive a payment of \$800 per month for 24 months. Evaluation will be a built-in part of the GI pilot program with the intent to have a collaborative evaluation effort.

FUNDING SUMMARY

The special appropriation approved by the Council in December was needed to initiate the planning process and allow for contracting efforts to begin. This amount, \$1,993,832, included the following program elements:

- Seven months of direct payments to enrollees (\$1,680,000) and expected maximum administrative fee to administer the payments (\$168,000) for a total of \$1,848,000 associated with the direct payments.
- Contract Monitoring and contract execution by DHHS is estimated to require ½ FTE of two Program Manager positions at a cost of \$65,350 for 7 months.
- Estimate for start-up of evaluation and process evaluation reports at \$58,333 for the first 7 months.
- Administrative support for DHHS at \$22,149 for 7 months.

The full estimated cost for the 24-month pilot is \$6,836,000. Of this amount, the Meyer Foundation will provide \$1 million.

The County Executive's recommended FY23 amount, \$2,563,502, is intended to support 12 months of direct payments and continuation of the administrative and program elements. Additional appropriation for 5 months of payments and administration will be needed in FY24; this remainder is projected to be approximately \$1.3 million.

The FY22 appropriation specified that the funds would be placed in an account in which any unspent funds will be re-appropriated in FY23 and FY24. As a result, the funds will be available to complete the program as it moves forward over the next two fiscal years. The payments will end 24 months after beginning, regardless of when the program begins issuing payments to participants.

At this time, direct payments have not yet begun. Executive branch staff report that the contracting process is continuing with Procurement. Executive branch staff also states that payments will begin within 1-2 weeks after these processes are complete. Hiring is in process; administrative staff have been hired, with contract staff supporting the effort in the interim. On April 19, the Council approved the non-competitive contract award amendment for UpTogether, the identified entity to administer the payments.

IMPLEMENTATION SUMMARY

Stakeholders, including from DHHS, the Collaboration Council, Impact Silver Spring, UpTogether, have been working to develop program implementation details and determine how to enroll participants. DHHS provided the following outline of this process (also at circles 2-3):

How will participants be identified and enrolled?

1. “Participant Identification

- **100** Participants will be purposefully selected from the Homeless Continuum
 - 35 of the randomly selected participants were pulled from households with minor children, while 65 of the randomly selected participants were pulled from adult only households.
 - This breakdown was used to ensure equitable representation in the sample of the larger Homeless Continuum population where annually 503 households with minor children and 1,834 adult only households are served.
 - In addition, the following inclusion criteria was applied to the selected participants:
 - Currently in a Rapid Rehousing program with a length of stay greater than 12 months or
 - Exited a Rapid Rehousing program within the last 12 months
 - After the 100 participants were randomly selected, the sample was reviewed to ensure that the race/ethnicity, age and gender of the selected individuals reflected within the overall Homeless Continuum population.
- For the remaining **200** participants - the GI Committee (a group composed of representatives from County Council, DHHS, Collaboration Council, Impact Silver Spring, UpTogether and the evaluation team) iteratively developed a set of criteria that yielded a workable sample group. The final set of criteria is:
 - Residency in Montgomery County
 - Live in a household with at least one adult (age 18+)
 - Live in a household with at least one child (age 0-17)
 - Households with children under age 6
 - Intergenerational households with at least one member age 65+ and at least one-member aged 0-17.
 - The population of intergenerational households with children aged 0-6 was too small (93 adults) to use on its own or to stratify further.
 - Single caretakers without extra support (sole adult on the case)
 - Households supplemented through the Working Parents Assistance program (verified single caretaker without additional support)

- Undocumented population
 - The sample was checked against the CDC’s Vulnerability Index to ensure equity on geographic distribution and racial/ethnic diversity and to ensure high-need areas had equitable representation in the sample. The final yield was a sample of 1,067 adults.
- 2. Participant Enrollment
 - The sample of 1,067 adults will receive a written invitation to apply for the pilot program.
 - Those who have been invited to apply will complete a brief application that will gather basic demographic information along with information on current public assistance benefit receipt
 - Data provided on basic demographic information will be used for the program evaluation with the participant’s consent
 - Data provided on current public assistance benefit receipt will be used to complete a benefit loss risk assessment for the participant.
 - A random selection of 200 participants will be pulled from the total applications received. Once selected, the 200 participants will take part in an in-person orientation and program enrollment which will include
 - Benefit Loss Risk Assessment
 - Enrollment in the UpTogether Platform
 - Orientation and program enrollment will also address individual banking and communication needs on a case-by-case basis as identified by participants.”

Two other important aspects of the program implementation are still in development and will evolve as the pilot begins. With respect to evaluation, DHHS states (circle 3) that additional evaluation partners for a collaborative effort are being identified.

The Committee may want to return for regular updates over the coming months as the program implementation moves forward. It will be important to understand how the program prepares participants for the transition at the end of the 24-month period, to minimize disruption. DHHS states that coaches in the program will work with participants to support financial planning, and that the outcomes and experiences of the pilot program will help inform the preparation for successful transition.

Council staff recommendation: Support the County Executive’s recommended FY23 amount, \$2,563,502. The stakeholders and implementation group have developed robust participant enrollment parameters to support equitable participation, and are nearly complete with the administrative processes needed to begin service delivery and payment distribution. Council staff recommends that the Committee receive regular written update reports in the coming months, and return later this year for a Committee discussion.

Attachments

Guaranteed Income NDA Budget Recommendation

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DHHS Responses to Council Staff Questions

© 2-3

years as an active employee is necessary to be eligible for the lifetime plan. The County will pay 50 percent of the premium for retirees with five years of participation as an active employee. The County contribution to the payment of the premium increases by two percent for each additional year of participation up to the 70 percent maximum.

On March 5, 2002, the County Council approved a one-time opportunity for retirees still under the 20/80 arrangement with an expiration date to elect the lifetime cost sharing arrangement. The new percentage paid by the County for those electing this arrangement ranges from 50 percent to 68 percent, depending upon years of active eligibility under the plan and years since retirement. The cost sharing election process has been completed. The budget does not include employer contributions from participating outside agencies.

FY23 Recommended Changes	Expenditures	FTEs
FY22 Approved	50,618,652	0.00
Decrease Cost: Utilization of OPEB Trust Funds	(20,000,000)	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	(1,690,215)	0.00
FY23 Recommended	28,928,437	0.00

Guaranteed Income

The Guaranteed Income Non-Departmental Account will fund a three-year pilot of the Guaranteed Income program, whose purpose is to provide direct, recurring cash payments to targeted groups of people without strings attached. The goals of the program are to alleviate poverty, provide a form of financial stability, and give people the ability to make their own choices to improve their economic position. Guaranteed Income is seen as one strategy to address income and wealth inequality.

FY23 Recommended Changes	Expenditures	FTEs
FY22 Approved	0	0.00
Add: Year Two Guaranteed Income Pilot Expenses	2,563,502	1.00
FY23 Recommended	2,563,502	1.00

Historical Activities

This NDA provides funding for the Historical Society to support the Society's Education Program staff, educational and outreach programs for County residents, and to maintain the Historical Society's research library and museums.

FY23 Recommended Changes	Expenditures	FTEs
FY22 Approved	150,000	0.00
Increase Cost: Six Percent Inflationary Increase to Non-Profit Service Provider Contracts	9,000	0.00
FY23 Recommended	159,000	0.00

Homeowners' Association Road Maintenance Reimburse

This NDA provides a partial reimbursement to homeowners' associations (HOAs) for their maintenance of certain privately-owned roadways. The payment is currently restricted to through roadways, accessible to the public, which are one-quarter mile or longer and which provide vehicular access to more than four dwelling units. In FY97, an Executive Regulation was enacted allowing homeowners' associations to request that their roadways be deemed "private maintenance roads." This

Responses to County Council Budget Questions

1. What is the estimated timeframe to enroll participants and initiate payments?

- Approximately 1-2 weeks after UpTogether signs the contract and the funds are deposited in the account.

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3. Please provide an update on the development of the evaluation component of this program.

- Morgan State University is the sole participant in the pilot evaluation at this time.
- The intent and continued focus of the pilot program are to have a collaborative evaluation. Due to the changes with the evaluation team, the next steps are currently being reassessed.
 - A private organization has shown interest in working on the evaluation of the project.

4. What is the anticipated approach to transition participants out of the program when the pilot is over to minimize disruption due to loss of the financial benefit?

- GI Coaches will provide ongoing support resources for financial planning throughout the pilot. However, the pilot outcomes identified through program evaluation will educate us on what steps to take after the pilot is over.