

MEMORANDUM

April 19, 2023

TO: Health and Human Services Committee

FROM: Tara Clemons Johnson, Legislative Analyst

SUBJECT: FY24 Operating Budget, Guaranteed Income Pilot NDA

PURPOSE: Worksession, recommendations and votes expected

Expected Attendees:

Dr. James Bridgers, Acting Director, Department of Health and Human Services (DHHS)
Jason Rundell, Acting Chief Operating Officer, DHHS
Deborah Lambert, Senior Fiscal Analyst, Office of Management and Budget

Guaranteed Income Pilot NDA

The Montgomery County Guaranteed Income Pilot (GIP) is one of several national pilots designed to change the narrative around poverty by providing a regular, unrestricted, guaranteed income supplement to participants. The Guaranteed Income pilot gives participants more freedom, dignity and self-determination to make choices for their financial well-being. Research shows that when given unrestricted payments, participants can create economic stability for themselves and their families.¹ GIPs have also been found to improve health, education, and child welfare outcomes.

The County GIP has been named Montgomery County Boost, “Building Our Opportunities and Strength Today” <https://mocoboost.org/>. The pilot provides \$800 per month, for 24 months, to 300 individuals and/or households. The pilot population consist of the following: 100 participants who are transitioning from homelessness (including participants/households with children) and 200 participants with at least one child/dependent who had previously sought assistance from the County during the COVID 19 pandemic. Based on the timeline, the GIP is

¹ <https://www.trincoll.edu/cher/blog/abby-nick-cwealf/>

slated to end by June 2025. Funds will be needed in FY25 to continue client assistance payments and the evaluation,

Racial Equity and Social Justice

Understanding the impact of the Guaranteed Income Pilot on racial equity and social justice requires understanding the historical context and systemic factors that shape economic opportunities for people of color and low-income communities. Black and Latino families, who face discrimination in employment, housing, and access to government benefits, historically suffer higher rates of poverty and have been unable to build generational wealth.²

Guaranteed Income programs help promote family economic mobility at an unprecedented scale. They have shown promise as an equitable means of assisting families of color with low incomes, who because of structural racism are disproportionately affected by health and economic hardships. GI programs contribute to eliminating barriers and can dramatically reduce poverty and improve families' long-term well-being. As the GIP (Moco Boost) program enters into its 2nd year (July 2023) of operations, the Council can look forward to hearing about the outcomes and impact for the participants. Hopefully it results in increased financial growth and stability, fewer incidences of homelessness and better mental health for residents.

Program Enrollment

- There are 300 households enrolled and receiving funds.
- Participants were enrolled through a phased onboarding process over a 6-month period (from June 2022 through November 2022). Three bilingual coaches work with the participants providing barrier navigation and resources to other county programs, while the Collaboration Council provides participants with outreach events that encourage participant engagement and offer opportunities for storytelling.
- 77% percent of participants are female, 73% of participants are households with children and 53% of participants are Black/African American. Additional demographic data is at ©3.

Staffing

The planned FY24 staffing structure includes a Program Manager I position and three contractual staff to assist in the administration and program supports. The department is currently hiring for the PM1 position.

Foundation Support

The GIP is a public/private partnership, coordinating with the Collaboration Council, Meyer Foundation, Greater Washington Community Foundation, local university partners and non-profits. The Foundations have pledged \$900,000 each toward MoCo Boost, the funds are provided directly to the contractor executing payment to participants.

² [2019 data on Wealth gap of Black and Latino Families](#)

Program Evaluation

DHHS shared that evaluation efforts are underway. The evaluation team met in spring 2023 to discuss the evaluation schedule and data sharing needs. One of the vendors has started the research process, working on their Institutional Review Board (IRB) submission and development of the baseline surveys. Details of the program evaluation steps are at circle 4.

Budget

The budget history of the program funding is below

- FY22 - The Council approved a special appropriation of \$1,993,832.
- FY23 - The CE recommended, and the Council approved \$2,563,502.
- The budget language requires funds in the NDA to be re-appropriated through FY24, so the funding can all continue and does not lapse at the end of the fiscal year.
- FY24 recommended amount is **\$734,843**. This reflects a slight reduction in personnel and increase in the client assistance payment amount.

| | FY23 Approved | FY24 Recommended | Change from FY23 Approved |
|---------------------------|--------------------------|-----------------------------|--------------------------------------|
| Personnel | \$112,030 | \$111,050 | (\$980) |
| Operating | | | |
| Client Assistance Payment | \$2,025,502 | \$2,761,325 | \$735,823 |
| Contract Services | \$288,000 | \$288,000.00 | |
| Evaluation Services | \$100,000 | \$100,000.00 | |
| Operating | \$37,970 | \$37,970.00 | |
| Total | \$2,563,502 | \$3,187,295.00 | \$734,843 |

At a rate of \$800 a month and 300 households enrolled; the minimum client assistance budget needed is \$2,880,000 per year. With the additional financial support of the Meyer Foundation and Greater Washington Community Foundation, the GIP is able to sustain assistance payments and provide support services as needed to households.

Council staff recommends approval of the FY24 Recommended Guaranteed Income Pilot – Non-Departmental Account (NDA) Budget increase of \$734,843 as submitted by the County Executive.

This report contains:

| | |
|--|------|
| FY24 County Executive recommended budget | ©1-2 |
| Guaranteed Income Demographic Data | ©3 |
| Guaranteed Income Pilot – Program Evaluation | ©4 |

☀ Grants To Municipalities in Lieu Of Shares Tax

This NDA funds payments required in accordance with State law. The 1968 Session of the General Assembly revised the tax structure to include a County income tax. As part of this restructuring, the shared tax on banks and financial institutions was eliminated, and a provision was adopted which requires counties to pay annually to municipalities the amount (\$28,020) that had been received by the municipalities in FY68.

| FY24 Recommended Changes | Expenditures | FTEs |
|--------------------------|---------------|-------------|
| FY23 Approved | 28,020 | 0.00 |
| FY24 Recommended | 28,020 | 0.00 |

☀ Group Insurance Retirees

Group insurance is provided to retired County employees and survivors, as well as retirees of participating outside agencies. Employees hired before January 1, 1987, are eligible upon retirement to pay 20 percent of the premium for health and life insurance for the same number of years (after retirement) that they were eligible to participate in the group insurance plan as an active employee. The County government pays the remaining 80 percent of the premium. Thereafter, these retirees pay 100 percent of the premium. Employees hired before January 1, 1987, are also offered the option at retirement to convert from the 20/80 arrangement to a lifetime cost sharing option.

Employees hired after January 1, 1987, are eligible upon retirement for a lifetime cost sharing option under which the County pays 70 percent of the premium and the retiree pays 30 percent of the premium for life for retirees who were eligible to participate in the County group insurance plan for 15 or more years as active employees. Minimum participation eligibility of five 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.

| FY24 Recommended Changes | Expenditures | FTEs |
|---|-------------------|-------------|
| FY23 Approved | 48,928,437 | 0.00 |
| Increase Cost: Additional Cost for Increased Claims Expense | 2,510,066 | 0.00 |
| FY24 Recommended | 51,438,503 | 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.

| FY24 Recommended Changes | Expenditures | FTEs |
|---|------------------|-------------|
| FY23 Approved | 2,563,502 | 1.00 |
| Enhance: Guaranteed Income Pilot Expenses | 734,843 | 0.00 |
| FY24 Recommended | 3,298,345 | 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.

| FY24 Recommended Changes | Expenditures | FTEs |
|---|----------------|-------------|
| FY23 Approved | 162,000 | 0.00 |
| Increase Cost: Three Percent Inflationary Adjustment to Non-Profit Service Provider Contracts | 4,860 | 0.00 |
| FY24 Recommended | 166,860 | 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 designation qualifies the HOAs for State reimbursement of their roadway maintenance costs. The County annually submits to the State its estimate of reimbursable miles, including those accepted as private maintenance roads. The State then reimburses the County and, subsequently, the County forwards the funds to HOAs.

| FY24 Recommended Changes | Expenditures | FTEs |
|--------------------------|---------------|-------------|
| FY23 Approved | 62,089 | 0.00 |
| FY24 Recommended | 62,089 | 0.00 |

Housing Opportunities Commission

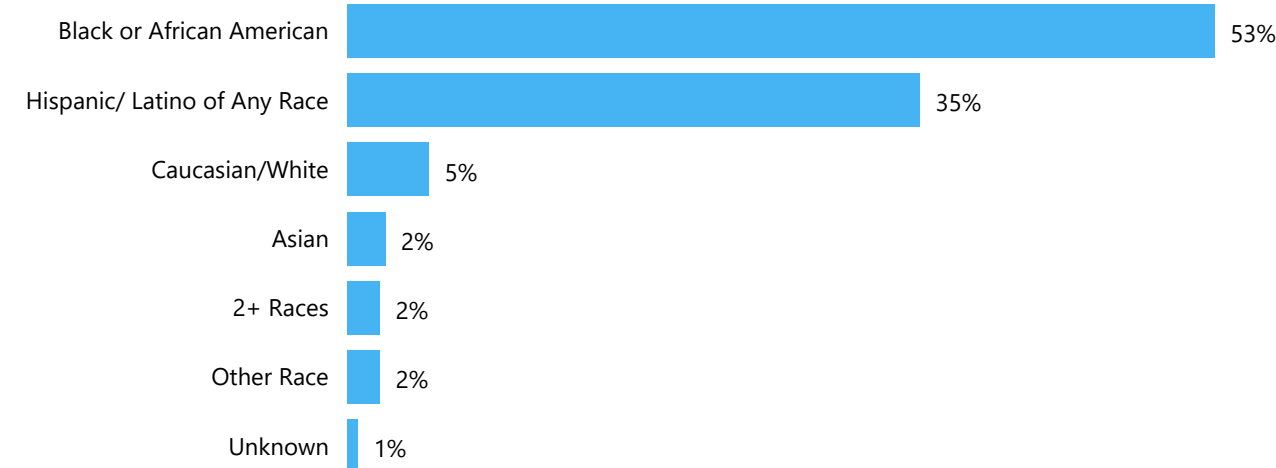
The Housing Opportunities Commission of Montgomery County (HOC) is a public body corporate and politic duly organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland, commonly known as the Housing Authorities Law. The Commission acts as a builder, developer, financier, owner, and manager of housing for people of low- and moderate- (eligible) income. The Commission also provides eligible families and individuals with affordable housing and supportive services.

| FY24 Recommended Changes | Expenditures | FTEs |
|--|------------------|-------------|
| FY23 Approved | 7,633,168 | 0.00 |
| Increase Cost: Incremental FY24 Compensation | 282,566 | 0.00 |
| Increase Cost: FY24 Rental License Fee Increase (\$5 per unit) plus additional 112 Units at Battery Lane | 56,767 | 0.00 |
| FY24 Recommended | 7,972,501 | 0.00 |

Inauguration and Transition

MoCo BOOST Pilot Enrollments (300 individuals)

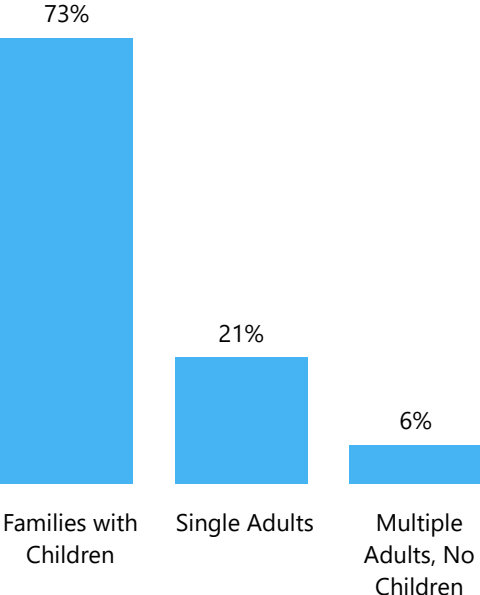
Enrollments by Self-Reported Race/Ethnicity



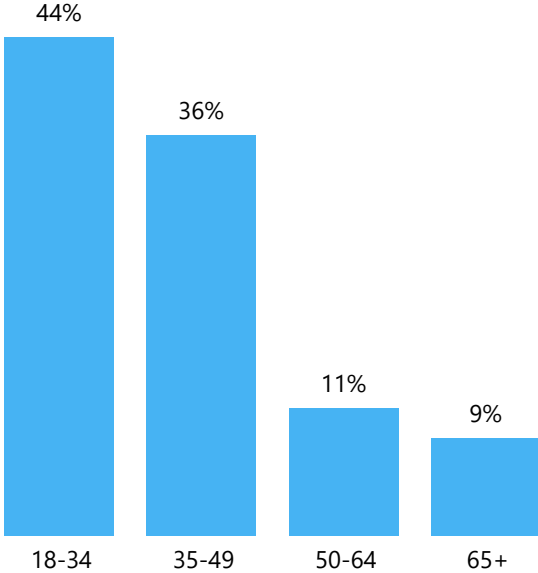
Enrollments by Gender



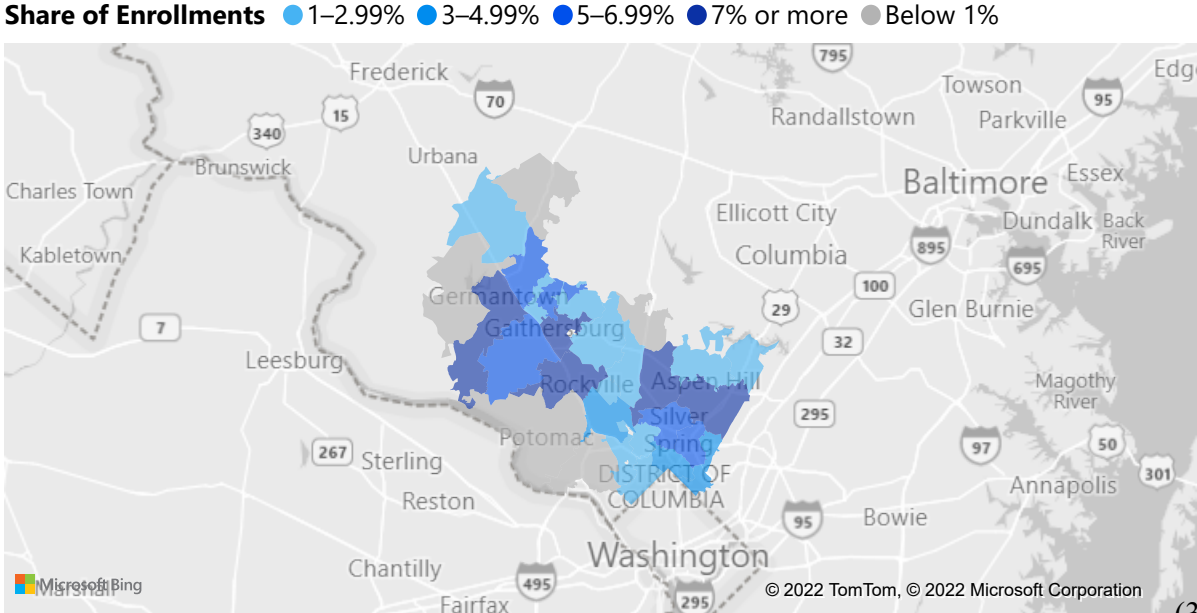
Enrollments by Household Type



Enrollments by Age



Enrollments by Zip Code



Program Evaluation

FOCUSING ON THE PROGRAMS ABILITY TO:

1

**REDUCE THE INCOME
VOLATILITY AND
FLUCTUATIONS OF THE
HOUSEHOLD**

2

**ADDRESS UNINTENDED
CONSEQUENCES
ENCOUNTERED AS A
RESULT OF PROGRAM
PARTICIPATION**

3

**INCREASE FAMILY
STABILITY & WELL-BEING**

- HOUSING
- EMOTIONAL
- FINANCIAL
- MENTAL HEALTH,
ETC.

4

**ALLEVIATE FINANCIAL
SCARCITY BY CREATING
NEW OPPORTUNITIES FOR
SELF-DETERMINATION,
CHOICE, GOAL-SETTING
AND RISK-TAKING**