



## MEMORANDUM

**TO:** Mayor and Council Members

**FROM:** Brion Oaks, Chief Equity Officer 

**THROUGH:** Jason Alexander, Chief of Staff

**DATE:** May 2, 2022

**SUBJECT:** **Austin Guaranteed Income Pilot Update**

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This memo provides an update on the Fiscal Year 2021-2022 Council adopted Guaranteed Income Budget Amendment in response to [Resolution No. 20210603-073](#) and is in response to a Council request to provide additional information regarding the Guaranteed Income Pilot.

In this memo staff provides more information on the statement of municipal public purpose, selection criteria, program design, and performance metrics. It is important to note the information regarding pilot implementation is subject to change as staff will work with the vendor to finalize the details if the contract is authorized by Council. In addition, staff reiterates that authorization of this contract allows us to develop a pilot program, which should create space for both staff and the vendor to be flexible and shift as necessary to achieve a repeatable, reliable program design.

### **Statement of Municipal Public Purpose**

The administration of a guaranteed income pilot and distribution of unrestricted funds represents a public purpose for the City of Austin. [Studies](#) and [program evaluations](#) have shown that one of the most effective and efficient methods to assist households in advancing economic development, public health, and public safety is the use of direct cash assistance programs which put the decisions for utilization of funds into the hands of those directly impacted. In 2020, the City of Austin accomplished this with the RISE funding distributions. RISE distributed tens of millions of dollars to community members impacted by the COVID-19 pandemic, and over 90% of these households reported that these funds went to basic needs, helping to ensure they were able to endure the economic impacts of the pandemic.

In the City's strategic plan, Strategic Direction 2023, City Council has named homelessness and displacement as top 10 indicators for the success of the city. A guaranteed income program has the potential to positively impact outcomes in both areas. Because guaranteed income programs provide unrestricted funds, recipients are able to spend on necessities such as rent, food, transportation, and utilities, making decisions based on their specific needs in order to help them stabilize and remain in place. Research by the Innovation Office shows that the most prominent driver of displacement is unexpected costs or "shocks." These shocks contribute to existing financial vulnerability, in the form of

debt or past-due bills, and spiral with the addition of late fees, payday loans, and other examples of poverty taxes, eventually leading to eviction and displacement. These unrestricted funds do not represent a “gift,” but rather a critical investment in families and individuals to improve their economic stability, mental and physical health, social capital, and prevention of displacement. The investment provided by a guaranteed income helps ensure that households facing housing and economic insecurity have the resources and ability to build a foundation from which they can springboard into better-paying jobs, increased savings, and ability to live full lives.

The results from similar programs across the country have shown that guaranteed income programs can impact performance metrics across at least four of the Strategic Direction Outcome areas, representing a major public benefit for the distribution of unrestricted funds.

### **Selection Criteria and Process for the Pilot**

The Equity Office has been meeting with the vendor since December 2021 to learn about the work they have done with the St. David’s Foundation and explore a potential partnership on a Guaranteed Income pilot. We selected this vendor based both on the direction given by the adopted budget rider, as well as the extensive work history of the vendor in administering guaranteed programs nationally as well as locally in the RISE disbursements. In these initial RISE disbursements, we utilized a community-based partnership model, in which memorandums of understanding were secured with partnering organizations serving low-income individuals and those most directly impacted by the COVID-19 pandemic. Utilizing this model, staff from the Equity Office and the vendor were able to distribute over \$2,000,000 to 1,000 households experiencing COVID-19 hardships in less than 72 hours and achieved outcomes that outpaced those of similar programs across the country.

Building from these learnings, staff has explored the use of the community-based organization partnership model, where the Equity Office in consultation with Austin Public Health and the vendor would leverage the relationships and knowledge of existing community-based organizations to identify participants and verify their eligibility. Several criteria have been discussed as ways to achieve the budget rider’s direction of addressing housing insecurity and homelessness. For example, staff has explored targeting households with an eviction filing against them, as potential landlords consistently screen for and reject tenants with previous eviction filings, particularly in tight housing markets like Austin; those with a pattern of missed utility bill payments, as research by the Innovation Office shows that 95% of evictions result from nonpayment of rent or utilities; and people experiencing homelessness who have been identified for supportive housing. Building from these potential criteria, staff have identified possible partner organizations to engage in this pilot. However, until the administrative onboarding with these organizations has been completed to include the execution of Memorandums of Understanding, staff will wait to release names of the partner organizations.

Once partnering community-based organizations have been identified and participants enrolled, the pilot will include both direct cash investment for households over the twelve-month period, as well as the creation of the opportunity for participants to convene virtually in small groups to learn from each other’s knowledge and skills, exchange resources, be connected to additional City of Austin services in partnership with Austin Public Health, and set and share goals to support one another in their self-determined paths.

### **Performance Metrics and Outcomes of the Pilot**

Staff have had high-level conversations with the vendor and evaluator regarding the metrics and evaluation of the pilot program. These conversations have been centered around the experiences of the

vendor in administering previous pilots, which includes the RISE disbursements and the current pilot with the St. David's Foundation, in addition to the research done by staff into other guaranteed income pilots across the nation. These conversations have yielded an extensive list of potential metrics. If Council approves authorization of this contract, the work of the month following adoption is planned to allow the vendor to set up the pilot in their system, engage partner organizations, and finalize the metrics and evaluation for the pilot.

The Urban Institute has been identified as the evaluator for this pilot. Currently, there is a plan for two dimensions of evaluation. The first dimension is a qualitative analysis, to include recommendations for policy and practice reform informed by key stakeholder and participant interviews. The second dimension is a rigorous, quasi-experimental quantitative analysis, including comparison of participant outcomes to non-participant outcomes to measure the impact of the program. The specific metrics and performance measures of the program would need to be finalized after contract approval, a process that will lean on the expertise of the vendor in measuring these programs, as well as the Urban Institute researchers. At a foundational level, the metrics we are seeking to impact include:

- Financial stability, as measured by ability to cover a \$400 emergency and ability to pay bills on time
- Health and wellness, as measured by stress levels, ability to receive preventative care, or food security
- Employment changes, to possibly include shifts in number of jobs held by participants, achievement or participation in workforce development and education programs, or other income changes
- Use of funds, to include general categories of spending including but not limited to Food, Transportation, and Housing
- Extended impacts of the funds, to include changes in social capital or "pooling" behaviors, defined in the [SEED](#) pilot as need or removal of need for borrowing from close relations, or addition of new relations to share resources as result of the participant gatherings
- Ability to live fully, as measured by time use changes such as frequency of cooking meals for children or pursuit of hobbies or interests

Staff look forward to participating in further conversations with the City Council and ensuring this program is designed in a way to provide an extensive, vetted report and recommendations for consideration of a continuing program for the City of Austin. For further information please contact Brion Oaks, Chief Equity Officer at [brion.oaks@austintexas.gov](mailto:brion.oaks@austintexas.gov).

cc: Spencer Cronk, City Manager