



Legislation Text

File #: Ord 21-10, **Version:** 2

Creating Chapter 223 of the Legislative Code relating to Guaranteed Income Program (Title XXIII).

WHEREAS, the entire City of Saint Paul is currently responding to immediate effects of the COVID-19 pandemic public health emergency, in the form of employment loss, food shortages and housing hardships suffered by Saint Paul residents; and

WHEREAS, according to the Federal Reserve, prior to the pandemic, 40% of Americans could not afford a \$400 emergency, and 30% experienced income volatility from month to month-one in three of whom struggled to pay their bills because of their varying income; and

WHEREAS, according to the Federal Reserve, workers in low-income families in the United States have experienced greater employment disruptions during the COVID-19 pandemic than workers with higher incomes; 28% of people who were employed prior to the pandemic and making less than \$40,000 were laid off compared to 13% of the highest income families, and one-fourth of low-income workers had returned to their previous work compared to 39% of high-income workers; and

WHEREAS, according to Minnesota Compass, front-line workers in the Twin Cities metro area-who are working to keep our community functioning by access to food and necessary services during the pandemic while exposing them to health risks for contracting COVID-19-are more likely to have low-incomes and less likely to have health insurance; and

WHEREAS, according to research by Mathematica, even prior to the COVID-19 pandemic, household income drops sharply near the birth of a child-for all households in the United States, income is 10% lower at the time of birth than a year prior, but is 42% lower on average for single-mother households; and

WHEREAS, according to the U.S. Census Bureau, since the beginning of the COVID-19 pandemic, adults in households with children have been more likely to report permanent loss of employment, food shortages, and low confidence in their abilities to pay mortgage or rent; and

WHEREAS, according to the most recent U.S. Census Bureau American Community Survey, 29% of Saint Paul households with babies (under one year of age) were living in poverty, and 32% of Saint Paul households with babies were enrolled in food stamps, compared with 22% of all Saint Paul residents, signaling that financial insecurity was disproportionately experienced among Saint Paul residents with babies prior to COVID-19, and is likely exacerbated by the COVID-19 public health emergency; and

WHEREAS, research on the Stockton Economic Empowerment Demonstration project shows that cash disbursements are used to advance household economic security including covering rent or mortgage payments, buying food or basic needs, and paying for auto repairs and utilities; and

WHEREAS, a synthesis of research on unconditional cash transfer programs demonstrates that cash transfer programs consistently lead to a measurable decrease in poverty, an increase in household expenditures-particularly on food, and evidence shows minimal impact on labor market participation or shifting time to caregiving, if there are reductions in hours worked; and

WHEREAS, research on the Alaska Permanent Fund Dividend indicates that this annual universal income contributes to an 8% drop in property crime in the weeks after the payment is disbursed, an improvement in children's health by

increasing birth weights and decreasing childhood obesity, and an modest increase in entrepreneurial activity by men who receive the payment; and

WHEREAS, according to research on child maltreatment, increasing income available to economically vulnerable families, whether in the form of increased child support, a higher minimum wage or financial assistance, can reduce rates of child maltreatment and the risk of out-of-home placement for children; and

WHEREAS, research from the Urban Institute states that safety net programs that put money in the hands of low-income families during a recession have a bigger impact on the economy in terms of consumer spending compared to policies such as tax cuts for low-income residents or businesses; and

WHEREAS, in this time of pandemics and economic disruptions, all Saint Paul residents deserve an income floor which may be achieved through a guaranteed income; and

WHEREAS, Mayor Carter has signed on to the Mayors for a Guaranteed Income national network, thereby committing to advancing federal and state guaranteed income policies, launching a local demonstration project, and promoting narrative change on guaranteed income and related underlying narratives around poverty and economic security; and

WHEREAS, a guaranteed income is an unconditional, no-strings-attached monthly cash payment, with no work requirements; and

WHEREAS, a guaranteed income is meant to supplement, rather than replace, the existing social safety net and can be a tool for racial and gender equity; and

WHEREAS, the City of St. Paul commits to sending a notice to each project participant advising of any upcoming change in emergency order status and that continuing to accept funds via the project could impact other benefits received by project participants when there is no longer an emergency order in effect, and the City further acknowledges the establishment of the Hold Harmless Fund, which is designed to mitigate the potential loss or reduction of public benefit that project participants may experience as a result of received payments; and

WHEREAS, by using information provided by CollegeBound Saint Paul participants and private funding, the city is uniquely positioned to provide necessary financial assistance to low-income residents with infants impacted by the COVID-19 pandemic public health emergency; and

WHEREAS, this demonstration project enacted by this ordinance will explore the impacts of cash disbursements on income volatility, economic security, early childhood development, and asset building; and

WHEREAS, the research cited above suggests that guaranteed income payments can stimulate the local economy through increased consumer spending, while creating improved outcomes for children and their families; now, therefore, be it resolved that

THE COUNCIL OF THE CITY OF SAINT PAUL DOES ORDAIN:

SECTION 1

Sec. 223.01. - Definitions.

The following words and phrases, when used in this chapter, have the meanings ascribed to them in this section:

- (1) *COVID-19 Guaranteed Income Program (or "Program")* means the recurring payment program implemented by this Chapter.
- (2) *COVID-19 Impact* means any one of the following:
 - a. adverse financial consequences experienced by the applicant as a result of being quarantined, being furloughed or laid off, or having work hours reduced due to COVID-19;

- b. adverse financial consequences experienced by the applicant as a result of being unable to work due to the applicant's COVID-19 diagnosis, or a spouse's or dependent's COVID-19 diagnosis;
- c. adverse financial consequences experienced by the applicant as a result of lack of childcare due to COVID-19;
- d. adverse financial consequences experienced as a result of closing or reducing hours of a business that the applicant owns or operates due to COVID-19; or
- e. other demonstrable adverse financial consequences experienced by the applicant due to COVID-19.

(3) *Guaranteed Income Payments* means payments paid directly to eligible residents. The payments will be made to a prepaid debit card, in an amount not exceeding \$500, up to 18 payments. Such payments exclude any CollegeBound Saint Paul bonus monies deposited into college savings accounts.

(4) *Recipient* means a randomly selected eligible Saint Paul resident who has been chosen to participate in the Program and receives Guaranteed Income Payments.

Sec. 223.02. - Program Term. The Program will terminate on June 30, 2022. All Guaranteed Income Payments due to Recipients must be paid prior to Program termination.

Sec. 223.03. - Program Application Required. Randomly selected Saint Paul residents will be notified that they are eligible for the Program and must timely submit an application, which shall be prepared and distributed in a form prescribed by OFE. Timely submission of the application does not ensure selection for receipt of Guaranteed Income Payments. Applications that contain incomplete or inaccurate information will be rejected.

Sec. 223.04. - Program Eligibility.

(a) Eligibility purpose. The purpose of the Guaranteed Income eligibility criteria are to ensure that Guaranteed Income Payments go to low-income Saint Paul residents who have been impacted by COVID-19.

(b) Eligibility guidelines. In order to be determined eligible, those randomly selected for the Program must demonstrate that:

- (1) They are a Saint Paul resident who has a child with a CollegeBound Saint Paul account;
- (2) They are experiencing a COVID-19 Impact at the time of application, as defined by this Chapter;
- (3) They have an income at or below 300% of federal poverty guidelines; and
- (4) They are not employees of or elected officials in the City of Saint Paul.

Sec. 223.05. - Verification of Eligibility. OFE must review all applications for completeness and accuracy, and in order to determine whether applicants are eligible for Guaranteed Income Payments. OFE will select recipients of guaranteed income payments from the pool of randomly selected and verified eligible Saint Paul residents.

Sec. 223.06. - Payments.

- (a) Payment purpose. The purpose of the Guaranteed Income Payments is to provide disaster relief in connection with a qualified disaster declaration in order to promote the general welfare of and stimulate economic activity in Saint Paul in response to COVID-19.
- (b) Frequency, amount, and manner of payment. Recipients will receive up to 18 Guaranteed Income Payments in an amount not exceeding \$500. OFE must deliver payments to Recipients in a manner that prioritizes payment security and minimizes resident effort.

Sec. 223.07. - Return of payments made to recipients later deemed ineligible. OFE is authorized to use any legal means to recapture payments from Recipients who knowingly misrepresent any material information in their application to the Program, or who violate any laws, rules or regulations governing the Program.

Sec. 223.08. - Transaction Monitoring; Study. Recipients may be asked to voluntarily share transaction information connected to the Program. Using that information, OFE must prepare a statistical and financial report that analyzes the impacts of Guaranteed Income Payments on Recipients and the City as a whole, including whether Guaranteed Income Payments impact income volatility, economic agency, and financial well-being, as well as the impact of Guaranteed Income Payments combined with any CollegeBound Saint Paul incentives paid. OFE may enter into an agreement with a third-party to complete this study.

Sec. 223.09. - Authority to Create Rules. The director of OFE is hereby authorized to create and, from time to time, amend rules and regulations for the management and operation of the Guaranteed Income Program. In doing so, the director must seek the advice and counsel of the Office of Financial Services and City Attorneys Office.

Sec. 223.10. - Severability. If any part or provision of this Chapter or the application thereof to any person, entity or circumstances is adjudged unconstitutional or invalid by any court of competent jurisdiction, such judgment must be confined in its operation to the part, provision or application that is directly involved in the controversy in which such judgment is rendered, and will not affect or impair the validity of the remainder of this chapter or the application thereof to other persons, entities or circumstances.

SECTION 2

This ordinance is effective 30 days after passage, approval, and publication.