

Dalberg



Sunnyvale

Sunnyvale: Creation of a Universal Basic Income Pilot Program

CITY COUNCIL MEETING

OCTOBER 29, 2024

Sunnyvale's GBI pilot study

Study Issue (SI) CDD 22-07

Evaluate a Universal Basic Income (UBI) pilot program

City Hired Dalberg Advisors to support this Study

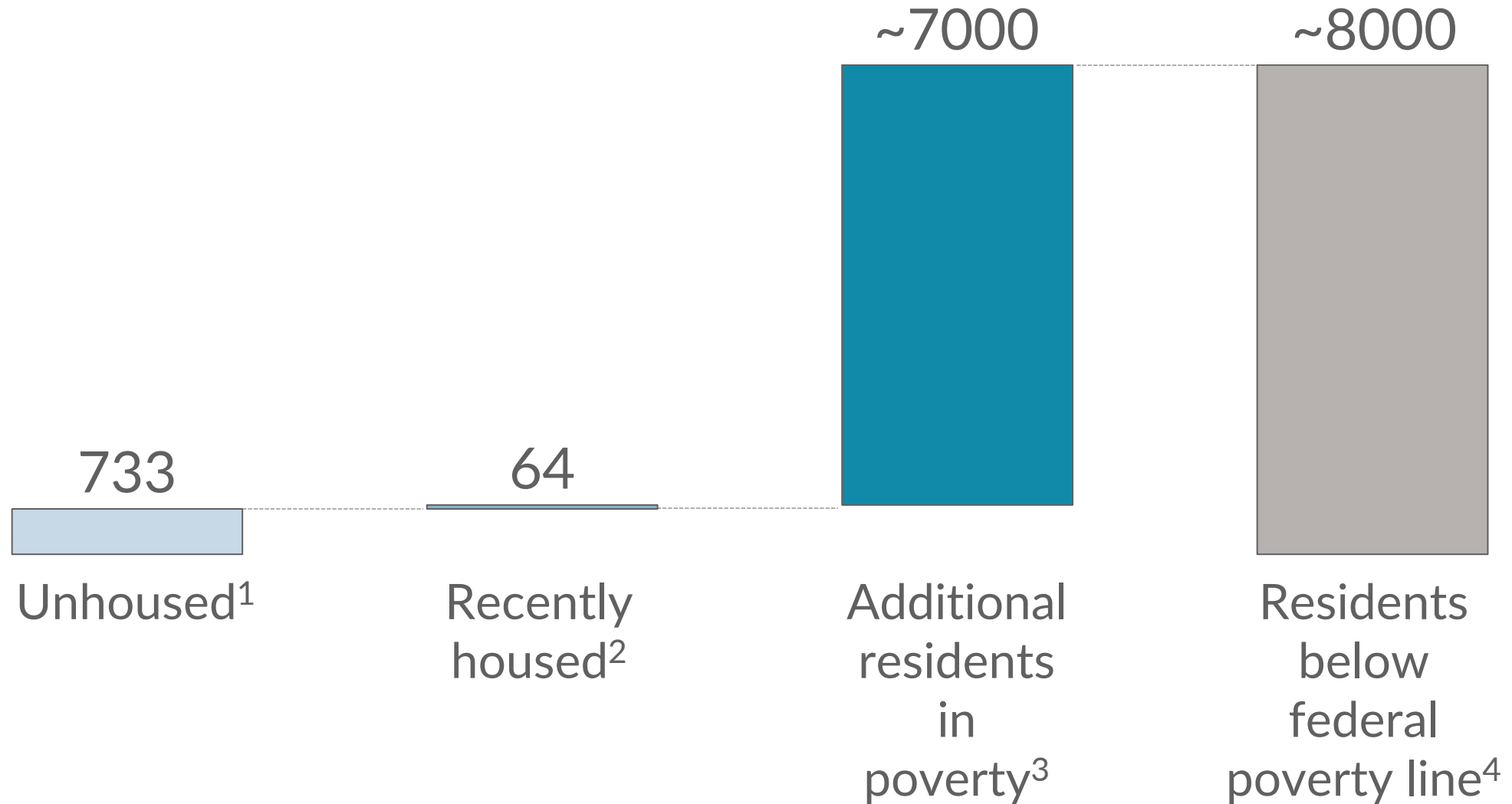
Today:

- **Review the proposal and Recommendations**
- **Address questions**
- **Facilitate a decision on whether and how to move forward**

Agenda

- Context for the GBI Pilot Study
- Key findings and implications
- Next steps

Poverty in Sunnyvale



Note: The 2022 Federal poverty level for a family of four was \$27,750 as annual income.

Sources: [1] Santa Clara County Office of Supportive Housing, City of Sunnyvale HOME-ARP Allocation Plan Data Analysis, 2022; [2] Sunnyvale Community Services; 2023; [3] Dalberg analysis; [4] U.S. Census Bureau, [Data for Sunnyvale City](#), 2022.

What is Sunnyvale already doing? (1 of 2)

1. TBRA: Tenant Based Rental Assistance

- **Objective:**

- *Time-limited rental assistance, maximum 2 years – coupled with case-management/employment services*
- *No HH pays more than 30% of income on housing*

- **Funding:**

- *HOME Investment Partnerships (HUD)*
- *Up to \$1M per year in rental assistance*
- *\$350k per year in local funds for case management/ administration*

- **Capacity:**

- *40 Households (recently increased from 20)*
- *Administered by Sunnyvale Community Services*

What is Sunnyvale already doing? (2 of 2)

Supporting Various Local Non-profit Partners

- **Funding:**

- CDBG, General Fund, HOME, PLHA

- **Program Examples:**

- Unhoused job training program
- Food Programs
- Counseling Services
- Emergency Housing Services
- Legal Services
- Elder, Youth, and Disabled Supportive Services

Guaranteed Basic Income (GBI)

UNIVERSAL BASIC INCOME (UBI) provides **all individuals** a regular unconditional payment

GUARANTEED BASIC INCOME (GBI) refers to a similar concept for a **targeted population**

We use the term “**GBI**” in these materials

GBI is gaining momentum



100+ GBI pilots in U.S.¹



20+ GBI pilots in CA^{1,2}



6 GBI pilots in Santa Clara County³
**Mountain View⁴, Milpitas, Google, Destination: Home⁵,
SC County**

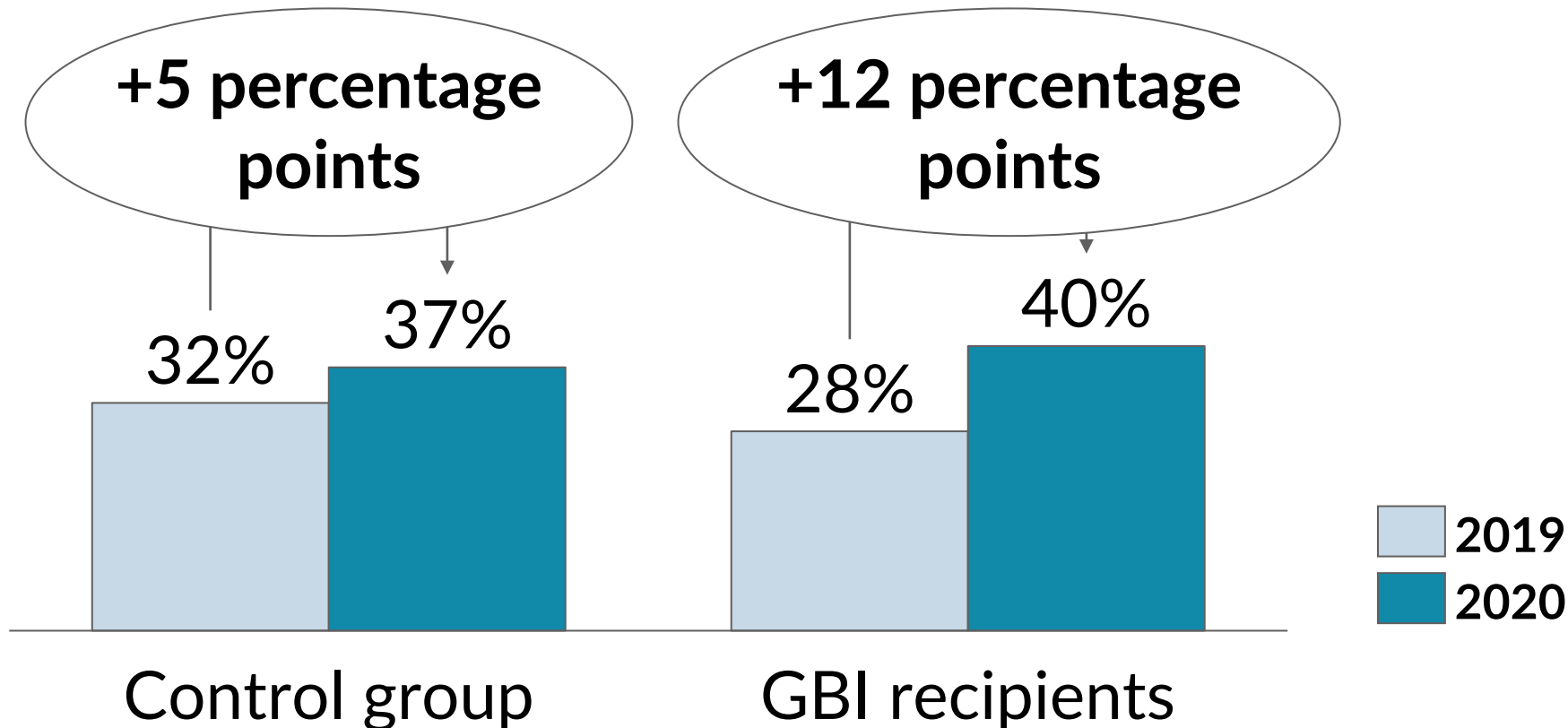
Sources: [1] Economic Security Project, [Champions for Guaranteed Income Celebrate](#), 2022; [2] New York Times, [Guaranteed Income Programs Spread, City by City](#), 2022; [3] Santa Clara County, [County of Santa Clara Expands Guaranteed Basic Income Pilot Program to Additional Vulnerable Populations](#), 2023; [4] City of Mountainview, [Elevate MV | Guaranteed Income Pilots Dashboard](#), 2023; [5] Destination: Home, [Announcing the Launch of the Silicon Valley Guaranteed Income Project](#), 2022.

GBI pilots have proven results (1 of 2)

- Higher probability of finding **full-time employment**¹
- Increased **housing stability**²
- Improved **physical and mental health**¹
- Reduction in **household income volatility**¹
- Increased **self-determination**¹

GBI pilots have proven results (2 of 2)

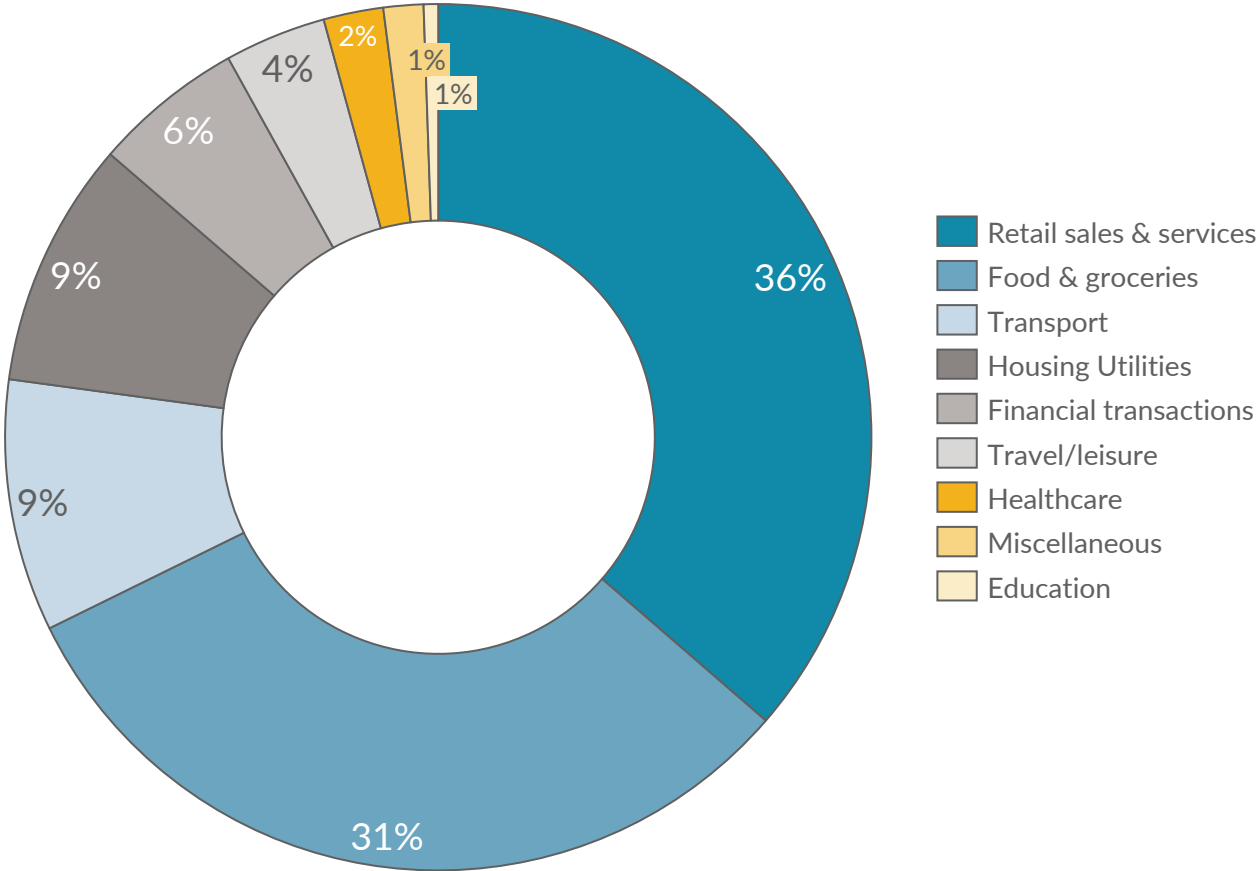
Percentage point increase in full-time employment,
from Stockton Economic Empowerment Demonstration¹



Sources: [1] Stockton Economic Empowerment Demonstration, [Preliminary Analysis: SEED's First Year](#), 2021.

There is no evidence of misuse of GBI

Spending data from 7500+ participants show that GBI Beneficiaries use the money for¹:



Sources: [1] Stanford Basic Income Lab, [The Guaranteed Income Pilots Dashboard](#), 2023.

Permanent GBI Programs

NON-EXHAUSTIVE

Current permanent UBI programs:

- **Alaska Permanent Fund¹**

GBI pilots committed to continue:

- **Cook County (Illinois) - Promise Guaranteed Income Pilot²**
- **New York City - The Bridge Project³**

Study Issue of GBI pilot

- **Benchmark of UBI programs**
- **Potential funding sources**
- **Pool size, application process, and amount**
- **Outreach process**
- **Administration requirements (e.g., metrics)**
- **Distribution process**

Agenda

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We have interviewed 60+ stakeholders

- ✓ **Stage 1** Engage **community stakeholders** and **City staff**
- ✓ **Stage 2** Engage **external experts** and **potential co-funders**
- ✓ **Stage 3** Share **initial findings** with Council; hold **community outreach & focus group meetings**
- ✓ **Stage 4** **Re-engage stakeholders** as needed and share **final findings**

Four fundamental questions

Why?

What are the strategic objectives for the pilot?

Who?

Who is the pilot for?

What?

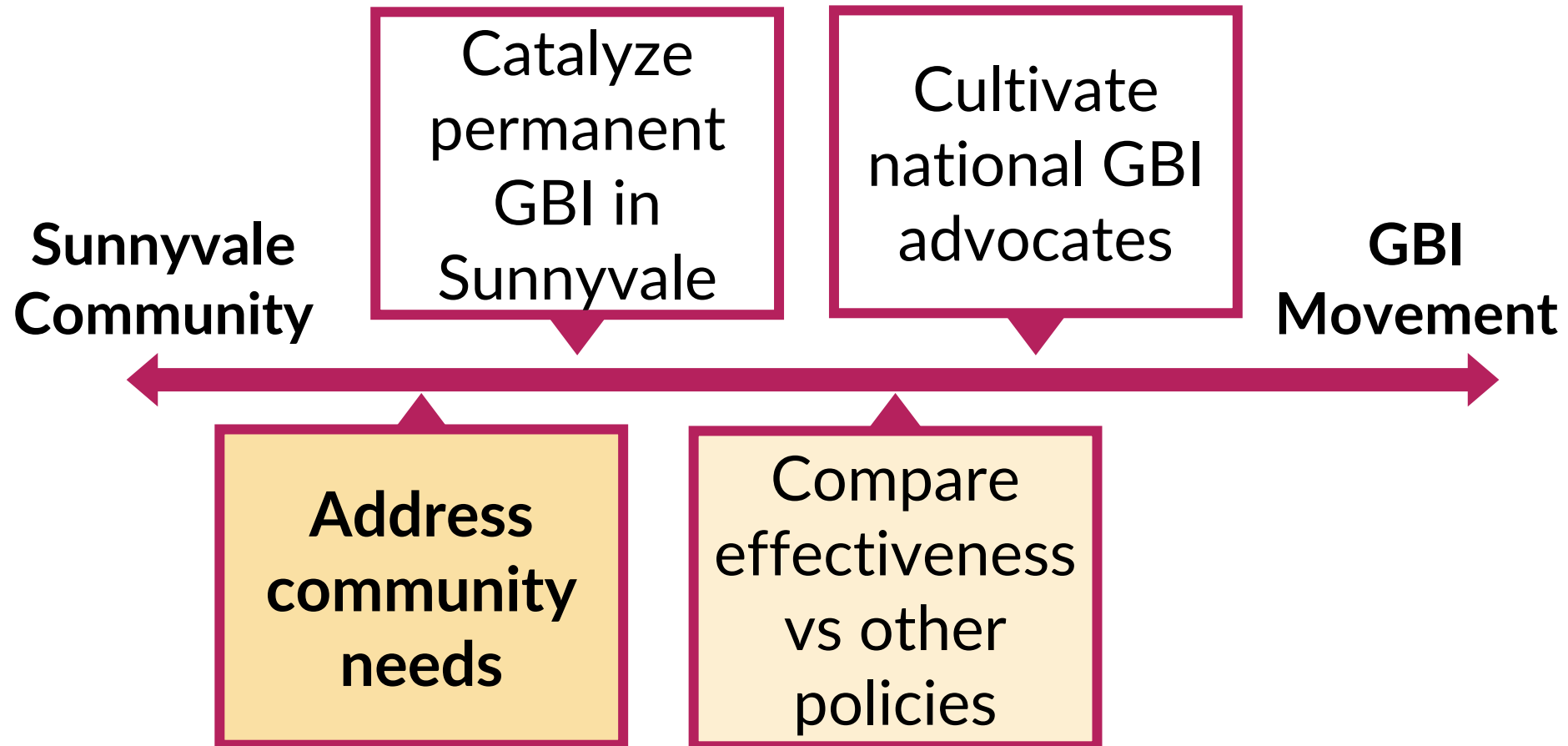
What is the pilot design (amount, frequency, duration, etc.)?

How?

How will the City fund and execute it?

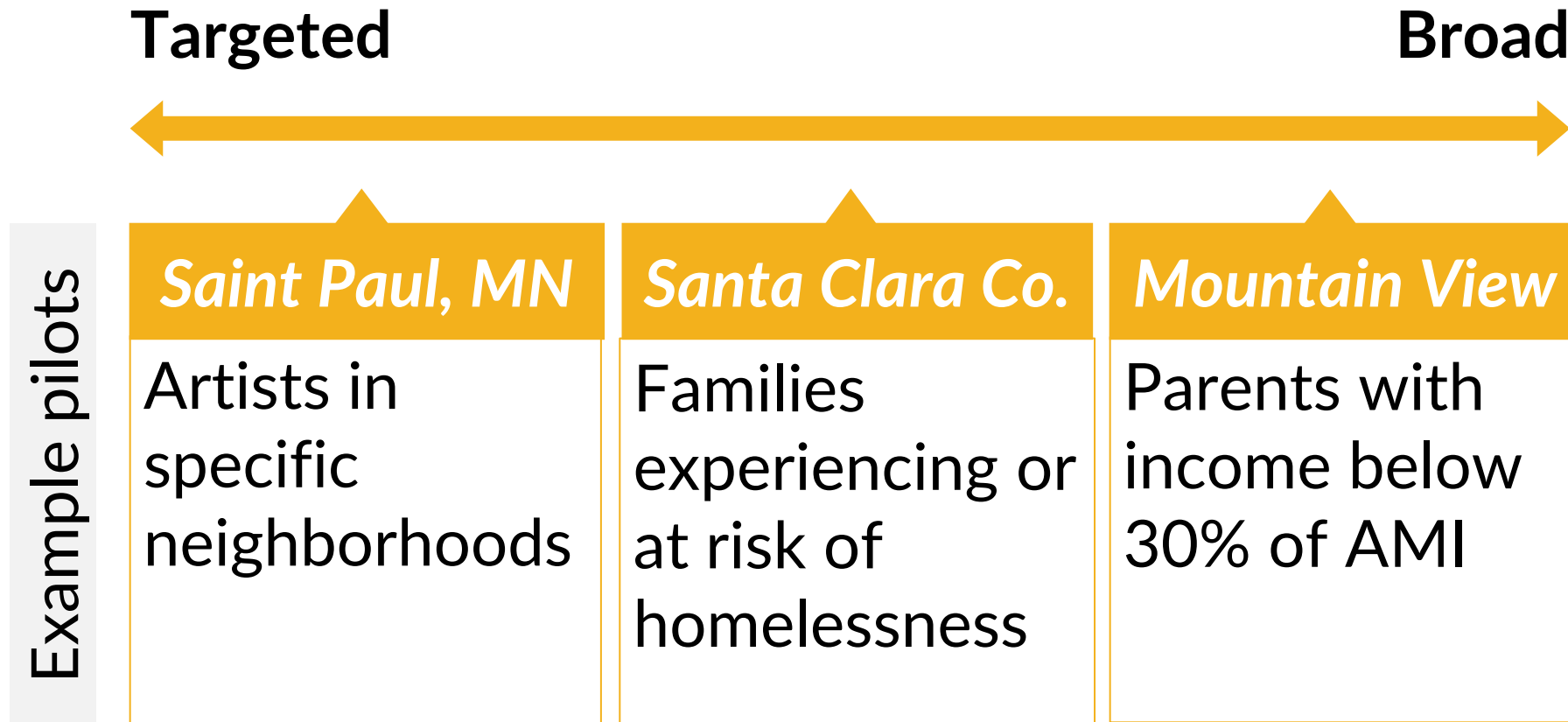
Why fund GBI?

GBI pilots may serve various objectives:



Who is the pilot for? (1 of 2)

Eligibility criteria can vary:



Sources: [1] Dalberg Analysis; [2] The Stanford Basic Income Lab, [The Guaranteed Income Pilots Dashboard](#), 2023; [3] Mayors for a guaranteed income, [Resources](#), 2022; [4] Mayors for a guaranteed income, [End of Year Report](#), 2022.

Who is the pilot for? (2 of 2)

Most mentioned by interviewees

- Unhoused residents
- Residents at risk of becoming homeless or recently housed
- Low-income families with children
- Low-income community college students

Less mentioned by interviewees

- Residents with 30% of AMI
- Domestic violence survivors
- Low-income seniors
- Undocumented residents
- Foster youth
- BIPOC communities
- LGBTQ+ population

What are the typical characteristics?

- Participants: **100 - 325**
- Frequency: **Monthly or Hybrid** (lump sum + monthly)
- Amount: **\$500 - \$1,000**
- Duration: **1-2 Years**
- Administration costs: **~15%* of distribution**

**Up to 40%*

This implies min. total costs of ~\$1.4 - \$2 M per year

Note: The ranges for number of participants and duration of pilot reflect the 20th to 80th percentile of the pilots reviewed. The frequency of payments, administration costs, and range for the amount of support provided is based on expert interviews and research.

Sources: [1] Stanford Basic Income Lab, [The Guaranteed Income Pilots Dashboard](#), 2023; [2] Mayors for a Guaranteed Income, [Resources](#), 2022; [3] Dalberg research.

How will the City fund program?

Potential sources of co-funding include:

County & State

- Appears unlikely to materialize

Major employers

- May be possible
- No known design requirements

Philanthropic funders

- Growing pilot fatigue
- Interest likely to be strongest in a pilot that contributes to broader GBI movement or focuses on a specific population

How would the City execute program?

Important considerations include:

- Defining the **rigor of monitoring and evaluation** (e.g., randomized controlled trials vs tracking basic indicators through existing systems)
- Mitigating the **benefits cliff** issue
- Being thoughtful about the **governance structure and how to engage beneficiaries**

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Sunnyvale GBI Program Recommended Features

Why?

Assist vulnerable members of the community to stabilize.

Who?

Lowest income populations; no special subset.

What?

Monthly, up to \$1,000 (with initial boost payment); for 2 years, depending on funding availability.

How?

Outside funding and contract administrator. Council can decide on City funding if no source found.

Outreach

Public Outreach

- Service Providers and Advocates

Human Relations Commission

Questions from Commissioners

- How long have programs been tracked?
- How would success be measured?
- Are there benefits of a Universal Income Pilot Program at County level?
- What would be the role of a co-funder?

Public Comment

- Support of GBI for Sunnyvale residents

Recommendations

Housing and Human Services Commission

- No Recommendation (2-2 votes on motions)

Staff

- **Alternative 1:** Accept the Final GBI Report, including the recommended Programmatic Components;
and
- **Alternative 4:** Direct staff to continue to look for non-City funding opportunities, and report back to Council in one year with a funding update.

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Sunnyvale

Discussion & Questions

Annex

COMMUNITY OUTREACH DETAILS

Dalberg engaged potential beneficiaries through two focus group discussions, co-facilitating them with local service providers in Sunnyvale

Objective

The purpose of these sessions was to **understand the needs, challenges, and preferences of individuals who could potentially benefit from Sunnyvale's GBI pilot program**. By engaging directly with potential recipients, the goal was to ensure that the program's design and implementation align with their realities and perspectives.

Description

The City of Sunnyvale, Dalberg, and local community organizations, **collaborated to plan two focus group sessions**. These were held on December 13, 2023, at the Columbia Neighborhood Center in Sunnyvale.

Community organizations assisted in nominating participants and potential co-facilitators. Dalberg curated the list of attendees and selected front-line staff, who were familiar with some of these participants, to serve as co-facilitators, ensuring a comfortable environment.

The sessions, characterized by **informal conversations, aimed to understand potential GBI recipients' perspectives through prompt questions**, while maintaining flexibility in the discussions.

Everyone was given the **option to share openly or submit anonymous written responses**, fostering a safe and participant-centric space for genuine dialogue.

Participants

The focus groups had **6-8 participants per session**.

Participants were **individuals with low incomes**, such as those below the Federal Poverty Line (~\$28,000 annually for a family of four).

The group was arranged to ensure a **diverse mix of participants, including individuals from different genders, age groups, ethnicities, and life experiences**. This included residents experiencing homelessness, facing rent burdens, or encountering housing insecurity, as well as parents of preschool or school-aged children.

Dalberg also held two community outreach meetings with the extended Sunnyvale community

Objective

The objective of these meetings was to **gather the community's perspectives on Sunnyvale's potential GBI pilot program**. The goal was to actively involve residents and the broader community in providing input for the potential design and execution of the pilot.

Description

The City of Sunnyvale and Dalberg organized **two community outreach meetings**. These were held on December 14, 2023, one fully virtual and the other one hybrid (virtual and in-person at Sunnyvale City Hall).

The agenda included i) **Introduction and context of GBI**, ii) **Discussion on key questions**, and iii) **Closing remarks**.

Key questions focusing on the "Why?", "Who?", "What?", and "How?" of the GBI pilot were presented to participants to gather their input on strategic goals, potential beneficiaries, program characteristics, and success metrics.

The meetings utilized an **interactive approach**, incorporating the use of Mentimeter (menti) to facilitate engagement.

Both sessions were **led by Dalberg and City staff**, offering attendees the option to contribute through written submissions and oral participation.

Participants

The **broader Sunnyvale community was invited** to participate. Anyone interested was welcome to join.

The city promoted participation in these meetings by **leveraging existing lists of interested individuals or relevant stakeholders and groups**.

Each meeting attracted **10-30 participants**.

Attendees included **members of community organizations and general Sunnyvale residents**, both those with a broad interest in the topic and those keen on potentially participating as beneficiaries.

Numerous households are falling short each month in their ability to fully support themselves

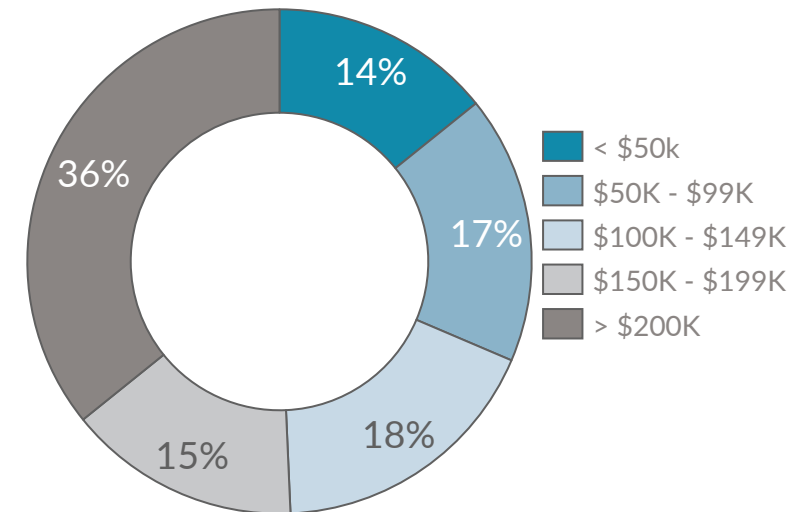
In Sunnyvale, nearly 1 in 3 households earn under \$100k, likely facing monthly shortfalls

- Some local faith-based organizations have estimated that **the cost of living for a family of four is at least ~\$90k annually¹**
- MIT's living wage model* suggests that in Sunnyvale:
 - A household of two adults working full-time and one child must earn at least ~\$115k to support themselves²
 - A household of one adult working full-time and one child must earn at least ~\$108k to support themselves²
- In 2020, **31.2% of households earned less than \$100k (~17k households)³**

Note: (*) The living wage model, as an alternative to federal poverty measures, calculates the minimum employment earnings needed for a family's basic needs, factoring in geographically specific costs for food, childcare, health care, housing, and other necessities.

Sources: [1] Dalberg interviews and community engagement; [2] Living Wage Calculator MIT, [Living Wage Calculation for San Jose-Sunnyvale-Santa Clara](#), 2023; [3] Data USA. [Sunnyvale, CA - Household income](#), 2020.

Household share by income (2020)³



As a result, low-income Sunnyvale residents face severe challenges, as proven by interviews with local organizations and community members

Community Organizations



The growing number of people on the streets, including families with young children, is a significant concern [...] There is a big need. Evictions and low-paying jobs are key factors. It's basically a money game at this point.

- Community-based organization that supports vulnerable individuals



The high cost of rent in Sunnyvale forces families to squeeze into single households. We've observed people renting parts of living rooms or kitchens, with residents alternating [...] Many children and their families face food insecurity. We are underserving those who need assistance the most.

- Nonprofit emergency assistance agency in Sunnyvale



Housing is a major challenge. Finding employment is also a hurdle due to Sunnyvale's size. People keep running into roadblocks [...] People have a very small cushion month over month. They struggle to build savings. There is a very small window for a medical emergency, a car breakdown, etc.

- Nonprofit organization in California that addresses homelessness

Community Members



It doesn't matter how many times you do a budget if you're on a deficit. You can only cut expenses so far.

- Low-income Sunnyvale resident (potential GBI beneficiary)



I have four children, and I'm the only one working. After reaching earnings of two thousand per month, you don't get any more help. It can be very tough to get help. I became depressed and stopped asking for resources.

- Low-income Sunnyvale resident (potential GBI beneficiary)



There is no breathing room [...] In the past, an amount that might seem small, would seem big at that point, causing me to spiral negatively. If I just had received help at that time, everything wouldn't have piled up because of one issue.

- Low-income Sunnyvale resident (potential GBI beneficiary)

Sources: Dalberg interviews and community engagement.

The City Council has five decision points regarding pilot design

Decision points:

1

Are you willing to fund the pilot if no co-funding is available, considering an estimate of minimum total costs of \$1.4M - \$2M per year? *(yes or no)*

2

Who will be the target population in the pilot program? *(Broad or targeted criteria. If targeted, which specific group and why?)*

3

What will be the design characteristics and what budget will they imply? *(i. Number of participants, ii. amount of support, iii. frequency, iv. duration of the pilot program, v. complementary services, if any)*

4

After the budget has been refined, where will the funds come from?

5

Will the City partner with outside agencies to implement and manage the pilot? *(If yes, what types of partners and how to select them?) – see next slide*

The City Council has six decision points regarding pilot execution

Decision points:

1

Who will be responsible for the implementation of the pilot? (*outreach, screening of participants, benefits counseling, day-to-day support, etc.*)

2

Who will be responsible for mitigating the benefits cliff? (*secure waivers*)

3

Who will be responsible for the distribution of funds to participants?

4

What metrics do you want to measure and how will you gather the data? (*Potential metrics: full-time job, mental health, etc. Potential methods: Self-reported surveys, interviews, etc.*)

5

Who will be responsible for measuring and evaluation? (*Collecting and analyzing data, generating reports, sharing learnings, etc.*)

6

What will the communication to the broader community be like, and who will be responsible for it? (*How proactively does the City want to communicate, and through which channels?*)

While there has been opposition in California to racially-targeted programs, some other states have shown greater resistance to GBI

California tends to support and promote GBI, but there has been considerable opposition to the practice of targeting by race and other non-economic criteria

An evident instance of backlash in California is exemplified by the Abundant Birth Project (ABP)

- A lawsuit has been filed against the city of San Francisco and the state of California over the Abundant Birth Project, alleging violation of the Civil Rights Act of 1964 by providing exclusive funds to women of color¹
- The lawsuit also targets other San Francisco GBI programs, including those for artists, transgender individuals, and Black young adults²

Yet, general opposition to GBI in California does not appear to be widespread or organized, coming mainly from conservatives who dislike big government programs and some labor unions concerned about sacrificing other social safety net programs³



These government-sponsored and publicly funded programs are designed to select beneficiaries on a racially exclusionary basis. This is unconstitutional [...] Defendants' payment schemes also discriminate unlawfully on the bases of gender/gender identity and sexual orientation.¹

- Abundant Birth Project Lawsuit



Legal challenges to race explicit (vs. race conscious) and other non-economic targeting criteria probably represents the greatest risk to GBI programs.⁴

- GBI expert

At a national level, local GBI initiatives have recently been blocked in states that tend to be more conservative

In recent months, a small group of Republican state lawmakers in several states has emerged, proposing or passing laws preempting municipal governments from implementing GBI programs. For instance:

- In South Dakota, lawmakers mull banning guaranteed income programs, citing concerns about work dignity and government dependency⁵
- In Arkansas, Bill HB1681 was passed in 2023 prohibiting state or local governments from implementing universal basic income programs⁶
- In Texas, Senator Paul Bettencourt opposes GBI programs, aiming to declare them unconstitutional through the state attorney general⁷

Other states such as Wisconsin⁸, Iowa⁹, and Idaho¹⁰ also show significant opposition to GBI programs, although it is unlikely to impact support in more favorable states like California.

In California, opposition to racially-targeted programs exists, but unlike in other states, there doesn't appear to be significant or coordinated resistance to the concept of GBI. While national negativity persists, it shouldn't be a local concern if non-economic targeting is avoided

Sources: [1] Philanthropy News Digest, [Is Helping Black Moms Out Financially Unconstitutional?](#), 2023; [2] Los Angeles Times, [Backlash to affirmative action hits pioneering maternal health program for Black women](#), 2023; [3] The Guardian, [Californians on universal basic income paid off debt and got full-time jobs](#), 2021; [4] Dalberg Interviews; [5] SDPB, [State lawmakers consider preemptive ban of guaranteed income programs](#), 2024; [6] State of Arkansas House of Representatives, [District Daily Summary](#), 2023; [7] Business Insider, [Texas state lawmaker criticizes 'universal basic income' programs: 'We can't just hand out money like popcorn on street corners'](#), 2024; [8] The Center Square, [New legislation seeks to ban government-backed guaranteed income programs in Wisconsin](#), 2023; [9] The Quad-City Times, [Proposal would bar universal basic income programs in Iowa](#), 2024; [10] BoiseDev, [Bill would preempt Idaho cities, counties starting universal basic income program](#), 2024.

The concept of GBI also received a few negative or hesitant comments from Sunnyvale residents via email and media

No hesitant comments were noted during the community outreach meetings and stakeholder engagement sessions, although the City did receive one email containing a negative comment and another one seeking clarification¹

Some negative comments were also observed under The San Jose Spotlight article covering the city council meeting of October 24, 2023, during which initial discussions were held regarding the potential GBI pilot program²



The San Jose Spotlight reports the Sunnyvale City Council is considering sending monthly checks to certain residents. It is appalling to learn my city is interested in joining the list of government agencies, from Washington down, who are actively working to increase the number of citizens who are dependent on the government for their income. This is Communism by whatever fancy name you wish to apply to it. Please drop this misguided scheme.
- Sunnyvale resident



Another California handout from the socialist state. Maybe we should build homes for these folks so they can live here. What a concept.
- Sunnyvale resident



If the city of Sunnyvale can find third-party funding sources to pay for this program other than local taxes, then great! If instead the city decides to burden residents and taxpayers I hope they have the courage to put it up for a vote, and live by the results.
- Sunnyvale resident



May I please get some additional details on this pilot program [...] I was a little concerned about the way it sounded. But it sounds more like a welfare assistance program based on socio-economic need.
- Sunnyvale resident



I wish Sunnyvale would stop giving away my money. The property tax here is obscene. Income tax, sales tax, gas tax are the most of anywhere. I'm low paid, but I have never taken a cent from the government (minus the covid direct deposits). Now you want to give another \$500 unearned money to my neighbors? Crazy.
- Sunnyvale resident

This situation reflects the landscape in California, where some opposition exists but does not appear to be substantial or organized. Thus, while there is some negativity present, it is unlikely to pose a significant concern for Sunnyvale.

Sources: [1] Community Development Department; [2] San Jose Spotlight, [Sunnyvale wants to give residents in need monthly checks](#), 2023.