

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: June 24, 2021

CAO File No. 0220-00540-1556  
Council File No. 21-0717; 20-0600-  
S83  
Council District: Various

To: The Mayor  
The Council

From: *for* Richard H. Llewellyn, Jr., City Administrative Officer 

Reference: Housing and Community Investment Department Transmittal dated June 14, 2021,  
Additional information received through June 22, 2021

Subject: **REQUESTS RELATIVE TO THE ESTABLISHMENT OF THE GUARANTEED  
BASIC INCOME PILOT PROGRAM**

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### RECOMMENDATIONS

That the Council and Mayor:

1. Authorize the General Manager of Housing and Community Investment Department (HCID), or designee, to:
  - a. Negotiate and execute an agreement with the Trustees of the University of Pennsylvania for research and design services related to a City Guaranteed Basic Income (GBI) Pilot Program with a term from July 1, 2021 through December 31, 2023 in an amount not to exceed \$3,983,403, subject to City Attorney review and approval as to form, legality, and concurrence with sole source justification, and in compliance with City contract requirements, including review under Charter Section 1022, prior to the execution of the contract;
  - b. Prepare and submit Controller Instructions and/or technical corrections, subject to the approval of the City Administrative Officer, that are necessary to implement the intent of Council and Mayor approval of this item;
2. Direct the City Clerk to place on the Council Agenda for July 1, 2021, or as soon thereafter as possible, the following recommendations for adoption:

Appropriate \$2,649,000 from the 2021-22 Unappropriated Balance (UB) Fund No. 100/58 Community Initiatives Account No. 580335 and \$1,334,403 from the 2021-22 UB Fund No. 100/58 Basic Income Guaranteed: LA Economic Assistance Pilot Account No. 580349 to the Housing and Community Investment Department (HCID) Small Grants and Awards Fund No. 49N/43, new account name and number to be determined, for contract research and

design services related to a City GBI pilot program. The total appropriation is \$3,983,403; and,

- Instruct the General Manager, HCID/Housing Department, or designee, and the General Manager, Community Investment for Families Department (CIFD), or designee, to provide a joint report to Council and Mayor in 30 days with an update regarding the status of the program pilot, including but not limited to the appropriation of the remaining UB funds to CIFD; transfer of program, contract, and GBI funding administration from HCID/Housing to CIFD; and a request for interim positions to be allocated in the CIFD with position description forms and related information.

**SUMMARY**

In its Transmittal dated June 14, 2021, the Housing and Community Investment Department (HCID) requests approval of various actions relative to a City Guaranteed Basic Income (GBI) Pilot Program. HCID’s requests include: 1) authority to move forward on the GBI program and execute a sole source agreement with the Trustees of the University of Pennsylvania in the amount of \$3,983,403 for research and design; 2) transfer \$29 million from the Adopted 2021-22 Unappropriated Balance (UB) budget for the GBI program to HCID; 3) new interim resolution authority in HCID for two full-time Management Analysts and two part-time Student Professional Workers for implementation and research of the program; 4) re-authorization of current vacant Senior Project Coordinator (SPC) resolution authority in HCID to implement the program; 5) approval to utilize \$230,519 from the UB funds for HCID direct costs including salaries for the new requested position authorities; and 6) authority to prepare Controller Instructions and technical corrections to implement the above actions. In 2020-21, the SPC is funded by Community Service Block Grant Trust Fund - Coronavirus Aid, Relief, and Economic Security (CARES) Act (CSBG-CV) funds.

A total of \$32 million is included in the Adopted 2021-22 Budget for the GBI program (C.F. 21-0600) as follows:

<b>Adopted City 2021-22 Budget for Guaranteed Basic Income Pilot Program</b>		
<i>City Budget Item</i>	<i>Purpose</i>	<i>Amount</i>
Unappropriated Balance (UB) Budget: Basic Income Guaranteed: LA Economic Assistance Pilot	Program participants	\$29,000,000
UB Budget: Community Initiatives	Research, design, and implementation, pending a report from the Community Investment for Families Department	2,649,000
Community Investment for Families Department budget	\$252,001 for salaries and \$98,999 for related costs to implement program with position authorities to be determined upon Council consideration of a report from the Department and the CLA	351,000
	<b>TOTAL:</b>	<b>\$32,000,000</b>

Our Office supports efforts to establish and implement the City GBI program. The Council and Mayor designated the newly approved Community Investment for Families Department (CIFD) to design and implement the GBI program. In order to initiate research and design of the GBI program prior to the 2021-22 fiscal year and operations of the CIFD, our Office recommends the following: 1) authority for HCID to negotiate and execute an agreement with the Trustees of the University of Pennsylvania with a term from July 1, 2021 through December 31, 2023 in an amount not to exceed \$3,983,403, subject to City Attorney review and approval as to form, legality, and concurrence with sole source justification and in compliance with City contract requirements, including Charter Section 1022 review, prior to contract execution; 2) approval to appropriate a total of \$3,983,403 to HCID from the 2021-22 UB as follows: \$2,649,000 from the Community Initiatives Account and \$1,334,403 from the Basic Income Guaranteed LA Economic Assistance Pilot Account, for the University of Pennsylvania contract; and 3) instruct the Housing Department (Housing) and CIFD to provide a joint report to Mayor and Council within 30 days with an update regarding the status of the program pilot, including but not limited to the appropriation of the remaining UB funds to CIFD; transfer of program, contracts, and GBI funding administration from HCID/Housing to CIFD; and request for new interim position authorities in CIFD to implement the program. We also recommend authority for HCID to prepare Controller Instructions and/or technical corrections to implement the intent of Mayor and Council actions, subject to the approval of the City Administrative Officer (CAO).

At this time we do not recommend approval of new positions in HCID, GBI funding to be utilized for HCID costs, nor the transfer of UB funds to HCID aside from funds in the amount of \$3,983,403 for the University of Pennsylvania contract. The SPC requested for re-authorization is already pending Council approval for grant exemption from civil service on the June 25, 2021 Council agenda (C.F. 21-0641). Forty-nine current positions at HCID are approved for transfer to the CIFD in the 2021-22 Adopted Budget, including the SPC. The CAO is working with HCID, Personnel Department, and the Controller to establish the new Department in City systems in order to transfer the 49 HCID positions and establish the new Department as approved in the 2021-22 Budget. Funding for new GBI staff positions was added to the new Department and once the CIFD is operationally established, we recommend that CIFD request the new position authorities for the funding they received. It is advisable that in the meantime, both HCID/Housing and CIFD staff coordinate the transfer of funding between both Departments to fund work being performed on City programs approved for transfer to CIFD.

## **DISCUSSION**

In addition to the 2021-22 Adopted Budget of \$32 million described in the Summary of this Report, a total of \$11,006,202.50 in 2020-21 former Police Department (PD) funds is approved for the GBI program. The former PD funds were allocated to Council Districts 6, 9, and 10 for this purpose and have either been appropriated or are pending approval for appropriation to HCID's Fund 43N (Small Grants and Awards Fund) for GBI programs in those Council Districts (C.F. 20-0600-S83, C.F. 21-0694). This brings the grand total of the City's GBI budget to \$43,006,202.50.

The HCID's Transmittal includes background information regarding the request for a sole source contract with the Center for Guaranteed Income Research (Center) at the University of

Pennsylvania to research and implement the design the City BGI program. HCID states that the Center was established jointly by Mayors for a Guaranteed Income (MGI) and the University of Pennsylvania School of Social Policy & Practice as a central source of research, information, and advocacy for guaranteed basic income programs. HCID proposes for the Center to provide contract research study services, a participant application form, and the selection of participants based on eligibility criteria.

The HCID states that the total cost for the contract with the Center at the University of Pennsylvania is \$4,483,403 and that MGI is providing a grant of \$500,000 to offset the cost. This leaves \$3,983,403 as the remaining cost to be funded by the City. There is a funding gap of \$1,334,403 in the City budget because the requested contract funds (\$3,983,403) exceed the Adopted 2021-22 Budget (\$2,694,000) in the Community Initiatives UB item for GBI research and design. In order to accommodate HCID's request for funds to initiate the GBI contract and program, approval is recommended to appropriate \$1,334,403 for the funding gap from the \$29 million set aside in the Basic Income Guaranteed LA Economic Assistance Pilot UB item for program participants. HCID states that this will result in a reduction of the number of participants to be served by the remaining program participant funds (\$27,665,597). HCID states that the contract estimate increased because the City added funds and participants in the original City GBI program proposal through the addition of the former PD funds and the Council increase to participant funding in the 2021-22 Budget.

In the 2021-22 Budget, the Council and Mayor designated the GBI program to be developed and implemented by the newly approved CIFD. The ordinance to establish the new Department has not yet been approved and the CIFD is not currently operational. This Office is working with various City Departments to establish the new Department operationally within the City's financial management, payroll, personnel, and other systems. We recommend for Housing and the new Department to report to Council and Mayor within 30 days regarding an update to transfer administration of the GBI program funds to CIFD.

## **FISCAL IMPACT STATEMENT**

Approval of the recommendations in this Report will have no additional impact on the General Fund. The Council and Mayor have budgeted funds for the City Guaranteed Basic Income pilot program in the 2021-22 Budget.

## **FINANCIAL POLICIES STATEMENT**

The Recommendations in this Report comply with the City Financial Policies.