

NEWS RELEASE

For Immediate Release

MEDIA ADVISORY

Ann Arbor to pilot guaranteed basic income program for low- and moderate-income entrepreneurs in partnership with University of Michigan's Poverty Solutions

ANN ARBOR. Michigan, June 6, 2023 — Ann Arbor City Council voted June 5 to approve an agreement with the University of Michigan's Poverty Solutions to pilot a guaranteed basic income program aimed at low- and moderate-income entrepreneurs in Ann Arbor.

In April 2022, city council [allocated \\$1.6 million](#) of the city's federal American Rescue Plan Act funds to a basic income pilot. After reviewing proposals for how the pilot program could be structured and evaluated, city staff recommended partnering with [U-M's Poverty Solutions](#), a university-wide initiative that partners with communities and policymakers to find new ways to prevent and alleviate poverty through action-based research.

"We are delighted to be partnering with the University of Michigan on this important project," said Mayor Christopher Taylor. "Guaranteed income programs are flourishing across our country, and they are proving to be an impactful tool to combat generational poverty. By partnering with the University of Michigan, Ann Arbor will increase our understanding of the effectiveness of these programs, and — crucially — serve members of our community who are in need."

The proposal from U-M's Poverty Solutions calls for a guaranteed income program that will provide payments of approximately \$530 per month for 24 months to 100 low- and moderate-income entrepreneurs who live in Ann Arbor. These are individuals engaged in low-level entrepreneurship, such as gig work, informal businesses from their home, or services provided to neighbors or friends.

Priority will be given to Ann Arbor residents who receive any form of public assistance, including those on a waiting list for housing assistance, families with children who are eligible for free and reduced-price school lunches, and others who are not receiving assistance but can demonstrate economic need or hardship. Owners of formally incorporated businesses may also participate, but their consistent annual income must be low or moderate (no more than 300% of the federal poverty line), and they must also demonstrate economic need or hardship.

Many small entrepreneurial efforts, particularly those led by Black owners and other people of color, face multiple barriers to success, including lack of access to capital and credit that is the

result of longstanding racial wealth stripping and discriminatory lending practices. The COVID-19 pandemic was especially challenging for business owners of color and created additional hardship for low- and moderate-income households. The new guaranteed income program aims to offset structural inequities and help people recover from the economic impact of the pandemic.

In addition to implementing Ann Arbor's guaranteed basic income program, Poverty Solutions also will evaluate it to determine whether the monthly payments:

- Positively contribute to participants' social determinants of health, specifically through increased housing, food, and transportation security, improvements in physical and mental health and access to care, and improvements in access and quality of child care;
- Help small businesses and entrepreneurs stabilize and/or grow their businesses, or not;
- Allow entrepreneurs the time and resources to focus on their business, or not; and
- Contribute to the positive economic growth of the community, or not.

To assess the program's impact, Poverty Solutions will conduct a randomized controlled trial that compares outcomes for the 100 participants in the guaranteed basic income program to outcomes for 100 entrepreneurs that do not receive the additional income.

The City of Ann Arbor, Friends In Deed, workforce development groups, and other community partners will assist in defining specific eligibility criteria for the guaranteed basic income program and recruiting participants for the study. **If you would like to receive information about ways to get involved with the program, please fill out [this](#) contact form.**

"The guaranteed basic income pilot is a valuable resource to support families and individuals who are pursuing entrepreneurship opportunities as a pathway out of poverty," said Tracey Hoesch, director of Friends in Deed's Circles program, which takes a relationship-based approach to lifting families out of poverty. "Our hope is that this program will provide small business owners who are experiencing poverty with a stable and reliable revenue source that will help them successfully grow and develop their businesses while also meeting their own basic needs."

The following people are available to discuss Ann Arbor's guaranteed basic income pilot program:

Ann Arbor Councilmember Linh Song is in her first term as a member of council, and she advocated for the inclusion of this program in the city's ARPA allocation.

"We know some community members were disproportionately impacted by the pandemic," Song said. "This program recognizes and addresses this inequity so that program participants can have a fighting chance to continue to live and work in Ann Arbor."

Contact: lsong@a2gov.org

Kristin Seefeldt is an associate professor of social work and public policy and the associate director of Poverty Solutions. She is one of the principal investigators for Poverty Solutions' evaluation of Ann Arbor's guaranteed income pilot.

"Many low- and moderate-income folks are engaged in different types of entrepreneurial activity, some because they hope to grow a business, others because they need the income to meet their monthly expenses. We want to see how this guaranteed income allows this community to improve their personal economic security and well-being, whether that's through expanding their business efforts or by scaling back," Seefeldt said.

Contact: kseef@umich.edu

#