Our Vision for SEED: A Discussion Paper

stocktondemonstration.org

SEED Stockton Economic Empowerment Demonstration
Executive Summary

The Stockton Economic Empowerment Demonstration, or SEED, is the country’s first-ever city-led Guaranteed Income initiative. A collaboration between the Office of Mayor Michael Tubbs, the Reinvent South Stockton Coalition, the Economic Security Project, and the residents of Stockton, California, SEED aims to test a simple, yet innovative, solution to poverty and inequality.

Beginning in 2019, the Demonstration will provide approximately 100 Stocktonians with a guaranteed income of $500 per month for 18 months. The income will be unconditional, meaning there are no work requirements and no restrictions on how the money can be spent.

The recipient selection process and evaluation of SEED will be led by two independent researchers, Dr. Stacia West of the University of Tennessee and Dr. Amy Castro Baker of the University of Pennsylvania. Based on community feedback, West and Baker have developed a recipient selection strategy that maximizes our ability to learn while prioritizing fairness and inclusivity. Recipients are scheduled to be selected by January 2019.

Once disbursements begin, our research partners will conduct regular check-ins with the recipients to understand and measure how the additional income affects a variety of outcomes, including financial security, civic engagement, and health and wellness. A pre-analysis plan outlining the evaluation methodology will be published in December 2018.

In addition to the data generated by the evaluation, SEED will yield a different kind of output as well: stories. The residents of Stockton know best the challenges they face in pursuit of personal and financial stability. As such, the SEED team will create spaces for Stockton residents to share their experiences, and ideas. We hope to hear from guaranteed income recipients and non-recipients alike to ultimately tell a story not only of how a steady influx of cash can change lives but also of what happens when a city dares to test innovative solutions.

Funded entirely through private donations, SEED seeks to confront, address, and humanize some of the most pressing and pernicious problems our country faces: poverty, inequality, and widespread financial insecurity. We hope to challenge the entrenched stereotypes and assumptions about the poor, and the working poor, that paralyze our pursuit of more aggressive solutions. We aim to illustrate how widespread and episodic poverty is. In sum, we believe that SEED provides an opportunity to imagine a more fair and inclusive social contract that provides dignity for all.

In the following pages, you will find our vision, hopes, and dreams for SEED. We invite the Stockton community and supporters from around the world to participate and contribute.
Background

Stockton, California is a city on the rise. Once the foreclosure capital of America and the largest city before Detroit to declare bankruptcy, Stockton is now ranked the second most fiscally solvent city in the nation. A city once vilified in national media for its low literacy and high crime rates is now commended for its collaboration and ingenuity. Stockton is not only recovering from the Great Recession, but reinventing itself as a leader in progressive social and economic policy.

The dot-com and real estate booms of the 1990s and early 2000s induced a naive optimism amongst Stockton’s political leaders, who sought to rebrand the city from a drowsy Central Valley town to an affordable alternative to the Bay Area. As home prices skyrocketed and tax revenues rose, the City issued a bond to finance the construction of a series of large projects, including a new city hall, an events center and arena, and marina improvement. Simultaneously, the city entered into employee contracts that offered free healthcare for life and generous pensions with eligibility to retire at age 55.

The burst of the housing bubble broke Stockton. As tax revenues declined and city coffers dried out, city leaders wrestled with the fiscal insolvency they had borne through their own mismanagement. Municipal services were eviscerated, police and fire forces were reduced, and retiree health care benefits were slashed. Unemployment surpassed 20% and violent crime, including homicides and rates of domestic violence, rose. For everyday Stocktonians, this meant that despite working hard, and playing by the rules, thousands of low-income and middle class individuals lost their livelihood and were indefinitely catapulted into a state of economic and social insecurity.

Today, Stockton is turning the corner and forging a new path as crime rates drop and the population grows. The local economy is in recovery. Yet problems persist, and the people of Stockton remain behind the nation. Stockton’s median household income of $44,797 falls far below the state’s median household income of $61,818. Only 35% of the city’s students are college ready by high school

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graduation and the city is 18th in the nation for child poverty. Recent unemployment rates in San Joaquin County hover around 7.5%, higher than the state average of 4.3%. ²

The struggle of Stockton in the last few decades is not unique. Though the U.S. is one of the wealthiest countries in the world, prosperity and well-being are not broadly shared. The Great Recession decimated the working and middle-class and exacerbated inequality, with wealth inequality between upper-income and lower-and middle-income families at the highest it has ever been. In 2016, the median wealth of upper-income families was seven times that of middle-income families; upper-income families had 75 times the wealth of lower-income families in 2016, compared with 28 times the wealth in 1983. The Recession also widened the wealth gap between white households and households of color - between 2007 and 2013, among those in the middle-income tier, the white-to-black wealth ratio increased from three-to-one to four-to-one, and the white-to-Hispanic wealth ratio increased from two-to-one to three-to-one.³ While Asian American households generally fared better than Latino and Black families, intra-racial inequality among Asian communities rose steeply as well within the last decade.⁴

Rising income inequality has been coupled with rising income volatility. A changing labor market has meant that predictable work hours have become increasingly rare and that more and more workers are depending on income from commissions, tips, and hourly work with fluctuating schedules. As many as 89% of Americans see their income fluctuate by more than 5% month to month and 60% see changes in spending greater than 30% from month to month.⁵ This volatility undermines the financial security that hard working Americans deserve.

These issues become only more intractable as the nature of work changes—though technology propels industries forward, it leaves workers behind. By 2030, automation could displace 375 million workers worldwide

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² Bureau of Labor Statistics, [https://docs.google.com/document/d/1ayh8FFS2r8T1w-pYpPMNh05qxML4IPQi95aP1pzALQ/edit#](https://docs.google.com/document/d/1ayh8FFS2r8T1w-pYpPMNh05qxML4IPQi95aP1pzALQ/edit#).


and 39 million workers in the United States. Automation is anticipated to claim 47% of jobs in the coming decades, but Stockton residents are already beginning to feel the sting.

The question we all face now is not whether our country has an inequality problem, but rather what we will do to address it. We see the rich getting richer and the poor left hopelessly behind. The current social safety net fails to provide the economic security it purports and must be enhanced for the 21st century. One in four Stocktonians still live in poverty and many more live paycheck to paycheck, struggling to stay afloat. The stakes are simply too high— for the single mother working two jobs and still living below the poverty line; for the man who spends four hours commuting daily for a job that doesn’t cover his rent - for us to not try something new. It is in this reality that the Stockton Economic Empowerment Demonstration (SEED) is planted.

Our Vision for SEED

"It’s such an honor to have little old Stockton, California be ground zero for for this discussion around what’s the economic floor people deserve in this country."
- Mayor Michael Tubbs

SEED is born out of the simple belief that the best investment we can make are in our people. Beginning February 2019, approximately 100 residents will receive a Guaranteed Income of $500 a month, for 18 months. A hand-up, rather than a hand-out, SEED seeks to empower its recipients financially and to prove to supporters and skeptics alike that poverty results from a lack of cash, not character.

We are motivated to test a guaranteed income in Stockton because we believe it is one of the most effective tools to combat poverty. Unconditional cash can supplement and enhance the current social safety net. Though the existing benefits systems target people’s most essential needs, unconditional cash meets people’s most urgent needs. Sometimes people require more than food, housing, and medical insurance – they need a new car battery to get to work the next day, or they need cash to pay an unanticipated bill that might otherwise trigger a downward spiral. In these ways, unconditional cash mitigates the capriciousness of life and provides certainty in the midst of chaos. It gives people the freedom to make the most efficient and effective decisions. Cash also allows people to respond to their needs as they arise, rather than waiting for situations to worsen and associated costs to skyrocket.

Further, Guaranteed Income is tested and true. Economists at leading institutions have shown time and time again that when given unconditional cash, the poor take care of their needs and use the free time to focus their

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energy on climbing up the economic ladder. In *No Strings Attached: The Behavioral Effects of U.S. Unconditional Cash Transfer Programs*, the Roosevelt Institute and Economist Ioana Marinescu summarize the empirical evidence from three major natural experiments previously conducted in the United States. Across the basic income experiments, educational achievement increased, health outcomes substantially improved, and there was no effect on labor market supply (a commonly cited concern). Other basic income experiments have seen no increase in alcohol and tobacco expenditures as well as a decrease in criminalized activity. It is clear - guaranteed income multiplies the good, and diminishes the bad. It is time to put evidence before ideology.

In Stockton, SEED is taking place within a larger collective impact model to build a world-class cradle-to-career pipeline of education, public safety, and opportunity. This ecosystem of exciting, people-centered initiatives includes Stockton Scholars, a college access initiative that seeks to triple the number of Stockton students entering and graduating from college, and Advance Peace, a gun violence reduction strategy that provides a personalized fellowship to the young men most likely to be involved in lethal firearm offenses. The Mayor’s Office is also leading a series of innovative workforce development efforts that seek to confront and close the skills gap and proactively reskill the most employment-vulnerable residents.

We recognize that guaranteed income is not a panacea for urban decay or economic immobility. Alone, guaranteed income cannot reverse centuries of government-sponsored marginalization, discrimination, and neglect; it cannot fix schools with low literacy rates, forge trust between law enforcement and citizens, or provide affordable and sustainable housing options for all. However, we believe a guaranteed income can increase stability for working and middle class people and help us to recognize not only the inherent dignity of work but also the inherent dignity of all people.

**The Nuts and Bolts: How SEED Will Work**

Since our launch announcement in October 2017, we have heard from thousands of individuals around the world about how SEED should work. Stocktonians have shared heart-wrenching stories about the ways in which a guaranteed income would provide much-needed security. Skeptics have challenged us to consider the risks, researchers from across the globe have encouraged us to learn all we can, and everyday Americans have expressed their gratitude and awe that somewhere, tucked away in California’s Central Valley, a city is willing to try something new. Every bit of feedback we received has helped inform our selection approach, which is outlined briefly below and will be detailed in a forthcoming pre-analysis plan.
Eligibility Criteria

We have heard extensively from the community about its vision for SEED. Residents, elected officials, members of the faith community, and nonprofit and business leaders alike echoed three common design ideals. First, the selection process must be fair. Second, SEED’s recipient pool must be inclusive and representative of all of the city’s residents. Third, we must maximize our opportunity to learn.

These three principles helped define our eligibility criteria, which is the following: to qualify or be considered, a recipient must occupy a residence within the City of Stockton, be at least 18 years of age, and be located in a neighborhood where the median income is at or below $46,033.

We chose $46,033 because it is the city’s median household income. Centering ourselves on this number allows us to be inclusive of residents across the City while ensuring that resources reach those who are in need. While our selection process will target neighborhoods at or under the median income, there is technically no limit on individual household income. Recipients from these neighborhoods can earn more or less than $46,033 and still be eligible to participate in SEED.

Selection Process

With the above eligibility criteria in mind, we decided to use a randomized selection process. We believe that randomly selecting recipients is fair, as it provides the greatest number of eligible and interested Stocktonians the same probability of being selected. Randomized selection also maximizes our ability to learn and yield objective results. Lastly, by picking individuals from neighborhoods across the city, we make the guaranteed income available to an inclusive and representative portion of the city’s population.

To identify and select qualifying residences, we will work with our evaluation partners to map out the City, identify qualifying neighborhoods, and randomly select 1,200 initial residences. These 1,200 selected residences will receive a physical mail notice stating that they have been invited to be part of a research study, and may qualify for the guaranteed income.
Households who are interested in participating will then be asked to complete a consent form that asks for demographic details. From the pool of recipients who complete this process, approximately 100 will be randomly assigned to receive the guaranteed income.

**Disbursement Process**

SEED participants will receive a monthly payment of $500 a month for 18 months. The guaranteed income will be distributed to recipients via a secure channel, such as a prepaid debit card, direct deposit, or a secure mobile app. While we have not yet finalized a method, we are eager to meet people where they are at; thereby finding the solution that will least disrupt recipients’ existing financial practices. This may include offering a couple different options. We are committed to electing the option that best maximizes security, convenience, and accessibility. We will work with recipients prior to the first disbursement to ensure that all of them have access to whichever method(s) we select.

**Interaction with Public Benefits**

Our team has spent the past several months trying to understand how the guaranteed income will affect eligibility for public benefits. Unfortunately, our research has taught us that, under the current system, a hand-up in one area often leads to a lost form of support elsewhere.

Conversations with social service administrators from the county and the state have clarified the following: the guaranteed income, under their requirements, qualifies as reasonably anticipated income, or income that a household is certain it will receive. Any reasonably anticipated income, even if given as gifts, must be reported by recipients. Because benefits eligibility is contingent upon monthly household income, the guaranteed income is likely to impact the amount of public aid a household is receiving.

Where possible, the SEED team will pursue waivers that excuse the guaranteed income from being counted as reportable income. There are, however, limits on which benefits can be preserved through the waiver process. To ensure no harm to those who receive benefits not protected through waivers, the SEED team will create an information-rich environment that enables potential recipients to make a fully informed decision before they accept the guaranteed income. From the first instance at which Stocktonians are invited to participate in SEED, our team will detail benefits thresholds and explain how an extra $500 per month might impact individual eligibility. We also plan to recruit a small team of benefits eligibility counselors that will advise potential recipients on a case-by-case basis.

For most recipients, benefits eligibility will not be a concern- not everyone receiving the guaranteed income will be receiving public benefits. For some, however, deciding to participate in SEED will be a more difficult decision. Through the waiver process and individualized counseling, we seek to ensure that every potential recipient is given the opportunity to make a fully informed decision about whether participation in SEED is in their best interest. If someone chooses to not accept the $500, another randomly selected household will take their place. It is possible that our approach will evolve with new information and/or guidance from engaged agencies. While our primary goal is to minimize interruption to existing benefits, we also believe there is an opportunity through
the qualitative research to capture how families navigate and engage with the current complexities of the system.

**Additional Services**

The guaranteed income will not be accompanied by other mandatory services. While we recognize that additional education and training efforts can be helpful, our primary focus is understanding the isolated impact of the additional income. Recipients, will, however, be free to access any additional services that are offered to the public at large.

**Impact Evaluation: Learning from SEED**

SEED will be evaluated by Dr. Stacia West, Assistant Professor at the University of Tennessee, and Dr. Amy Castro Baker, Assistant Professor at the University of Pennsylvania. West and Castro Baker have a proven track record of conducting rigorous and meaningful community-based research. Together, they bring decades of social services sector experience and are deeply committed to engaging Stocktonians in the learning opportunities SEED will create.

The purpose of an evaluation for SEED is two-fold. First, an independent evaluation ensures that the lessons learned from SEED are accurate, transparent, and community-focused. Second, we hope to generate foundational evidence on the effects of modern-day cash transfer programs in the U.S. so that we may inform forthcoming experiments exploring similar concepts.

West and Castro Baker will work closely with the SEED team, Mayor Tubbs, local advisors, and a wide network of community organizations and residents to inform their evaluation methodology. To ensure that the evaluation captures the nuances of each recipient’s unique experience with financial insecurity and the guaranteed income, West and Castro Baker will employ a mixed-methods approach. This approach entails the collection of frequent surveys as well as in-depth interviews and focus groups. These methods enable recipients to reflect upon their financial lives and struggles in order to paint a more holistic image of the experience of economic insecurity. **West and Castro Baker will publish a pre-analysis plan that details their evaluation methodology in December 2018.**

Residents not receiving the guaranteed income will engage in the evaluation in two ways. One way will be through participation in the control group. The control group will be made up of residents who consent to share information about their lives and financial well-being. The research team will compare the information from the control group to that of the recipient group to help us understand what difference, if any, the additional income
makes. Control group participants will be compensated for their participation. The second way for non-recipients to engage is through a process known as Participatory Action Research. Participatory Action Research allows non-recipient residents and community stakeholders to share what insights they feel are required to make an informed decision about the future of guaranteed income in Stockton and the country. This will occur in a series of focus groups co-led with community stakeholders.

At the end of the Demonstration, the evaluation will help us answer the following key research questions:

1. How does a guaranteed income impact financial insecurity and volatility?
2. To what degree will a guaranteed income impact drivers of inequity and social determinants of health?
3. How does guaranteed income unleash potential among recipients and generate agency over one’s future?
4. What do the residents of Stockton think policymakers need to know about guaranteed income and living paycheck to paycheck?

After the evaluation ends, a final impact evaluation report will be published outlining the results of the Demonstration.

Creative Storytelling: Telling Our SEED Story

SEED's commitment to innovation extends beyond the idea of Guaranteed Income itself; it permeates our very approach. Much of the evidence that exists about Guaranteed Income, or cash transfers, has been limited to quantitative evidence and confined by the limits of empirical research. SEED is eager to produce fresh stories, narratives, and dialogues that connect people to the Demonstration and enrich the ways in which we learn about Guaranteed Income and the benefits of unconditional cash.

We are prioritizing storytelling because stories have a unique ability to connect people and to move hearts and minds in a way that data simply cannot. With help from community partners, we have identified the fundamentals of what it means to tell the story of SEED:
• Allow the people experiencing financial insecurity to articulate their obstacles. To achieve this, we will invest in projects that center Stocktonians as the primary storytellers, including people whose stories often go untold.

• Tell the longitudinal story of how cash impacts lives. We intend to prioritize a small handful of in-depth story engagements that track the demonstration as experienced by a recipient over an extended time-frame.

• Set the idea of a guaranteed income in a larger framework for a broader vision for a new social contract. We aim to tell the story of SEED as part of the larger story of Stockton, a trailblazing city on the rise.

Our storytelling process will occur in two phases. The first phase, baseline storytelling, will establish where the city is before the demonstration, and the second phase, storytelling during the demonstration, will highlight where our city can go.

**Baseline Storytelling**

Before disbursement of the guaranteed income begins, storytelling will be used as a vehicle to understand where our city is today. What hopes and fears do Stocktonians have about a guaranteed income? Do they believe that a guaranteed income can improve their lives and their communities? What stigmas, roadblocks, and challenges do Stocktonians confront on a daily basis that cash alone cannot solve? To paint this picture, SEED has partnered with two local residents:

- **Stockton Story Series:** Our first project is in partnership with Adriana Brogger, Associate Professor at San Joaquin Delta College. Modeled after StoryCorps, this project is a student-driven initiative that gives Stocktonians a chance to share their own oral histories. Everyday Stocktonians will be invited to share their experiences with financial insecurity, to answer what an extra $500 a month would mean to them, and to consider what it would mean to live in a world where one no longer has to worry about satisfying their basic needs. Audio recordings will be made of these conversations and shared with the community.

- **Help Wanted: Work, Wages, and Worthiness:** Led by Stockton Poet Laureate Tama Brisbane and her organization, With Our Words, this project will center on youth and young adult voices. An eight-person cohort of youth and young adults will develop poetry and spoken word performances that push us to think creatively about the association between work and dignity and about how we as a society might expand our notions of work to be more inclusive. A public performance will be held at the conclusion of the project.

**Storytelling During the Demonstration**

While the projects listed above will capture our city’s appetite for SEED before disbursement of the guaranteed income begins, they are just a starting point. As the demonstration progresses, successful baseline storytelling initiatives will be replicated and supplemented by new projects. These additional projects will take shape in the
months ahead, but we anticipate that they will highlight the experience of SEED recipients and of the community at large. These projects will include:

- **Storytelling cohort**: Amongst the guaranteed income recipients, we will establish a cohort of storyteller recipients. These recipients will voluntarily opt in to speak publicly about their experience of receiving the additional income, acting as the face of the project. They will publicly engage with the community and the media to share the ways in which an income floor has or has not affected their lives. Individuals in this cohort will voluntarily interact with renowned journalists from around the country.

- **Additional storytelling grants**: We will issue a second request for storytelling projects, inviting local artists and storytellers to suggest new ways for us to share the story of SEED. Details of additional storytelling grant opportunities will be posted to our website later this year.

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**Thought Leadership: Community Learning and Dialogue**

“Regardless of economic situation, employment status, or race, people want to give and help others and be of service to their community and the world. People are brimming with undiscovered talent that has value, even if it’s not fully acknowledged by our current system.”

- LaShanda Greene, SEED Supporter

Since the launch of SEED, Stockton and its residents have become the topic of national and global discussion. Our will to test bold ideas and our commitment to people-centered policies has positioned Stockton as ground-zero for reimagining a more economically equitable tomorrow. We want all Stocktonians, even those who don’t receive the guaranteed income, to construct this conversation.

When the initial 18 months of disbursements have been completed, SEED hopes to share stories of evolved understanding and increased empathy. Along the way, we hope to equip Stocktonians with the knowledge they need to advocate for a more fair economy. To ensure that SEED is a community initiative, we will be conducting a variety of activities to engage all residents. Some of these activities and events include:

- **SEED Informational Sessions**: Hosted in various locations throughout the city, SEED informational sessions will inform residents about our selection and storytelling processes. These sessions will also
allow residents to share feedback and ask questions. Please contact the SEED team if you would like to host an informational session at your organization, congregation, or within your community.

- **‘Reinvent Roundtables’**: SEED hopes to stir a frank and honest dialogue about poverty and inequality. Starting later this year, we will host regular discussions and educational activities. We hope to explore questions such as: Who is included in our definition of “work”? Is work the only path to dignity, or is dignity inherent? In some instances, those guaranteed income recipients who have opted-in as storytellers will be invited to attend and share their experiences. The SEED team will work with partners to help develop a framework to guide these conversations.

- **Research and learning report backs**: To further engage with the residents of Stockton, Dr. Stacia West and Dr. Amy Castro Baker will host a public discussion about their research vision and plans. Throughout the Demonstration, they will also share findings as they become available. They plan to develop a community-facing dashboard that city residents can view to understand, in real-time, the major trends and insights we are observing.

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**Ethical Considerations**

To protect the rights, safety, and wellbeing of all participants, our research and evaluation processes will be consistent with the guidelines of the Institutional Review Board at the University of Tennessee. These guidelines require our team to maintain the privacy of subjects and the confidentiality of their data. IRB compliance also ensures that no individuals are harmed by their participation in SEED. For more information about the IRB process, please visit the IRB website at the University of Tennessee. Our storytelling work will follow similar guidelines; participation in storytelling and interaction with journalists will be completely voluntary.

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**Advisors**

We are grateful to our colleagues and local community partners for their insights and ideas, and for ensuring that SEED is reflective of the Stockton community. Our local advisory committee is comprised of:

- Barb Alberson, Sr. Deputy Director Policy & Planning, San Joaquin County Public Health Services
- Maria Alcazar, Program Supervisor, STAND Affordable Housing
- Claudia Haro, Administrative Director, Reinvent Stockton Foundation
- Hector Lara, Lecturer, Hague University of Applied Sciences (Formerly Reinvent South Stockton Coalition)
- Peter Ragsdale, Executive Director, San Joaquin County Housing Authority
- Ann Rogan, Fuse Corps Fellow, Workforce Development, Office of Mayor Michael Tubbs
- Pastor Trena Turner, Executive Director, Faith in the Valley San Joaquin
In addition to our local advisors, the SEED team has consulted with national researchers, academics, social workers, storytellers, organizers, and policymakers to incorporate best practices into our program design. The research team has also retained a panel of national leading social science researchers to advise on evaluation design. We will be formalizing the role of our national advisors in the upcoming months.

Our Donors to Date

SEED hopes to serve as the proof-of-concept necessary to transform guaranteed income from a pipe dream to a policy enacted widely. By starting small, SEED will enable in-depth learnings and early insights into the major effects of additional income. This will, in turn, inform other, larger experiments being conducted elsewhere in the country and contribute to the foundational knowledge needed to implement a guaranteed income at scale.

Led by a mayor yet funded philanthropically, SEED forges a future in which the public and private sectors collaborate to create a society in which everyone can thrive. We would like to thank the following donors, whose innovative spirit has allowed this bold idea to become reality:

Major Donors
- Economic Security Project
- Future Justice Fund
- Goldhirsh Foundation
- Serkan Piantino
- Gretchen Sisson & Andrew McCollum

In-Kind Supporters and Partners
- Jain Family Institute
- University of Tennessee
- University of Pennsylvania

In addition to these donors, we are grateful for the support of over a dozen grassroots donors from Stockton and across the nation who are generously helping power the demonstration. **We are still seeking donors for this project. If you are interested in giving, please contact the SEED team.**

Conclusion

SEED is as bold as it is innovative; as ambitious as it is simple. We know that the task we have assumed and goals we have outlined are not easy. But our team, and community of supporters, are committed. We aim not only for the success of SEED and its recipients, but also to provide a glimpse into a future in which character is
no longer measured by wealth and in which basic needs are codified as basic rights. We hope that this working paper has lent insight into our program design and goals.

For additional information, or to engage with or support our work, please visit our website at www.stocktondemonstration.org, contact our team at info@stocktondemonstration.org or reach out at (209) 203-0201.