



Office of the City Clerk

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Legislation Details (With Text)

File #: R2021-213
Type: Resolution **Status:** Adopted
File created: 2/26/2021 **In control:** City Council
Final action: 3/24/2021

Title: Call for hearing(s) on implementation of guaranteed income initiative and cash-based programs and policies to help working people and families become more resilient to financial emergencies
Sponsors: Villegas, Gilbert, King, Sophia D., Hadden, Maria E., Rodriguez, Michael D., Sadlowski Garza, Susan, Lopez, Raymond A., Rodriguez Sanchez, Rossana
Indexes: Miscellaneous
Attachments: 1. R2021-213.pdf

Date	Ver.	Action By	Action	Result
3/24/2021	1	City Council	Adopted	Pass
3/16/2021	1	Committee on Economic, Capital and Technology Development	Add Co-Sponsor(s)	
3/11/2021	1	Committee on Economic, Capital and Technology Development	Recommended to Pass	
3/10/2021	1	Committee on Economic, Capital and Technology Development	Add Co-Sponsor(s)	
2/26/2021	1	City Council	Referred	

Committee on Economic, Capital and Technology Development
February 24, 2021

RESOLUTION CALLING FOR HEARINGS INTO BASIC INCOME PAYMENTS

WHEREAS, many working people and families in Chicago struggle to make rent, pay their mortgage, basic utilities, student loans, and childcare, and nearly 25% of full-time workers rely on public assistance to make ends meet; and

WHEREAS, the impacts of income inequality plus 40 years of wage stagnation, automation of jobs, off-shoring, and trade deals have stunted the economic progress of all working people, and these trends show no signs of slowing down; and

WHEREAS, the impacts of the racial and ethnic wealth gap are felt most acutely in Chicago because of a long history of redlining and institutional racism; and

WHEREAS, Black households have one cent in wealth for every dollar of a white household, and Latinx families have eight cents; and

WHEREAS, the confluence of income and wealth inequality results in more than 60% of Americans having less than \$1,000 saved in the bank for an emergency; and

WHEREAS, many individuals in Chicago and across the nation work full-time jobs and multiple side hustles in the gig economy and still cannot make ends meet; and

WHEREAS, the COVID-19 pandemic has now triggered an economic crisis of a magnitude not seen since the Great Depression; and

WHEREAS, the public health guidelines and social restrictions made the economic struggles of small businesses and working families exponentially worse; and

WHEREAS, the concentration of wealth and market control among the super wealthy and tech companies greatly expanded during this pandemic; and

WHEREAS, America's 650 billionaires grew their net worth by a collective \$1 trillion since the Pandemic, with the top four being Big Tech executives; and

WHEREAS, in 2019, the Chicago Resilient Families Task Force put forward recommendations on a guaranteed income pilot and other bold policies to tackle these economic insecurity issues; and

WHEREAS, the City of Chicago has an opportunity to draw from the task force and lead the nation by launching a guaranteed income initiative and cash based programs and policies to help working people and families become more resilient to financial emergencies, make rent, cover childcare, and put food on the table tailored as a response to the coronavirus pandemic; and

WHEREAS, providing a baseline of stability and security to Chicago's residents will have an economic ripple effect, providing much needed boosts to our local economy and small businesses; and

WHEREAS, the City of Chicago will request \$5 million through multiple funding sources including but not limited to President Biden's American Rescue Plan, public-private partnerships and additional revenue streams to launch a pilot program in Chicago; and

WHEREAS, monthly direct cash payments will then be delivered to residents and families selected for the pilot; and

BE IT RESOLVED, that we, the Members of the City Council will hold open hearings and discussions about how to move forward with implementing this important initiative to benefit all Chicago residents.

Sophia King Alderman, 4th Ward

Gilbert Villegas Alderman, 36th Ward

Maria E. Hadden Alderman, 49th Ward

The following legislation is being introduced by Alderman Gilbert Villegas regarding a Resolution Calling for Hearings into Basic Income Payments co-sponsored by

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Alderman Ward 12

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Alderman Ward 15

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Villegas forges ahead with guaranteed basic income pilot program

The chairman of the City Council's Black Caucus has said it would be a "slap in the face" to African Americans to talk about monthly payments to needy families before dealing with reparations to Chicagoans whose ancestors were enslaved.

By Fran Spielman Apr 19, 2021, 1:18pm CDT

Undaunted by a colleague's warning that reparations must come first, an influential alderman is forging ahead with an ordinance establishing the parameters to bring a \$30 million universal basic income program to Chicago.

Last month, a seemingly harmless resolution calling for the city to use part of the \$1.9 billion avalanche of federal relief funds headed to Chicago to launch that guaranteed income pilot turned into an emotional debate about reparations.

Ald. Jason Ervin (28th), chairman of the City Council's Black Caucus, said then that it would be a "slap in the face" to African Americans who have "suffered great atrocities over time in this country" to talk about giving 5,000 of Chicago's neediest families guaranteed monthly payments when aldermen have just begun talking about paying reparations to Chicagoans whose ancestors were enslaved.

The message apparently did not get through to Ald. Gilbert Villegas (36th), Mayor Lori Lightfoot's former floor leader, who still chairs the Committee on Capital and Economic Development.

At Wednesday's City Council meeting, Villegas plans to introduce an ordinance setting aside \$30 million of the new round of coronavirus relief money for a 12-month guaranteed income pilot program.

That would be enough to give 5,000 of Chicago's neediest families \$500 a month, no strings attached.

The first payment would begin June 30. The program would automatically expire exactly one year later "without further action of the City Council."

To qualify for the \$500 payments, Chicago residents generally would need to show they've been impacted by the pandemic and their annual income is no more than triple the federal poverty rate — roughly \$38,640 for a single Chicagoan and \$52,260 for a married couple.

Villegas estimated the families of more than 90% of Chicago Public School students would be eligible for the guaranteed payments, since they already qualify for free lunches.

Ervin stood his ground, arguing reparations must come first.

“It’s tantamount to being pushed to the back of the line again. African Americans — not only in the city, but in this state and in this country — have always been at the back of the line when it came time for resources,” Ervin said.

“Resources for the descendants of slaves should take front-and-center if we’re gonna start giving money out to anybody. When you look at the atrocities that our community has endured over the years, it’s just appropriate that some level of understanding and remuneration be granted for such. This is not a new idea. This is not foreign.”

Villegas countered Blacks and Hispanics would benefit from guaranteed income payments. The coronavirus pandemic, he argued, has been an “equal opportunity destroyer” in Chicago’s Black and Brown communities and families struggling to pay for rent, food, clothing and medical care cannot afford to wait.

“The reparations discussion has been going on for decades. I’ve yet to see an ordinance on it,” Villegas said Monday. “In the meantime, am I gonna continue waiting? Our communities that have been impacted by COVID, should they wait? We need to get money into peoples’ hands to help them recover from the pandemic. I saw a need. I introduced an ordinance. I intend to move forward with it.”

Last week, Mayor Lori Lightfoot’s financial team told aldermen more than half of Chicago’s \$1.9 billion in federal stimulus funds would be gobbled up by retiring \$965 million in scoop-and-toss borrowing used to eliminate the pandemic-induced shortfall.

But even with the borrowing plan, Villegas argued there’s plenty of money for his guaranteed income pilot.

“We have to ensure that it is not just Wall Street that benefits” from the federal funds, Villegas said.

“We need to make sure that residents of Main Streets in Chicago get much-needed assistance.”

On that point, Villegas and Ervin agree.

“There definitely needs to be some debt retirement as part of this program. The question, though, is what about the needs of our citizens?” Ervin said.

“While our government would be solvent, if our people aren’t solvent, then we’re stuck. ... We also need to look at the needs of everyday, ordinary Chicagoans as well.”

Chicago Is the Latest U.S. City to Consider Guaranteed Income for the Poor

By *Shruti Singh*

Bloomberg News

April 21, 2021, 3:40 PM CDT

- One-year test program would give \$6,000 a year to 5,000 people
- Los Angeles is largest city looking at a basic income program

Chicago is the latest U.S. city to consider offering guaranteed income to poor residents as it seeks to even out the economic recovery for those who suffered a disproportionate hit from the Covid-19 shutdown.

City Alderman Gilbert Villegas proposed a pilot program Wednesday to provide \$500 a month for a year to 5,000 low-income residents. The money -- issued on debit cards -- would act as a form of “disaster relief” spent in the local economy for rent, food, clothing and other necessities, Villegas said. If approved, the city would pay for the program with \$30 million of its \$1.9 billion in American Rescue Plan funds.

“Let’s take a look at this new money and really invest in the community,” Villegas said in an interview on Tuesday before introducing the ordinance.

Chicago, the third-largest U.S. city with almost 2.7 million residents, joins cities coast to coast in contemplating guaranteed income payments as a tool to help lower-income residents and those from Black and brown communities that are enduring the harshest impacts of Covid-19. Los Angeles Mayor Eric Garcetti has proposed a \$24 million program in next year’s budget for 2,000 low-income families in the second-largest U.S. city.

Villegas said he’s studied similar proposals in several California cities including Stockton and St. Paul, Minnesota. Chicago’s program would be open to applicants with income at or below 300% of the federal poverty level who can demonstrate that they lost jobs or hours, lacked childcare or faced some other financial adversity due to Covid-19. Recipients may voluntarily share transactions to help the city study the effectiveness of the pilot program.

Research from the first half of a two-year program in Stockton, California that gave \$500 a month to 125 families found recipients went on to find full-time jobs at more than twice the rate of non-recipients, according to a release from Mayors for a Guaranteed Income. They also suffered less stress and anxiety, the Mayors’ group said.

Stockton in 2012 became the largest city in the U.S. at the time to file for municipal bankruptcy after racking up unsustainable bond and pension debt.

Villegas said Chicago's one-year pilot program could be funded by federal aid but could continue in future years through a combination of philanthropic and city revenue. The proposal has been referred to the city council's Committee on Rules, which adds uncertainty for its trajectory. Villegas said he will keep pushing for it with other council members and community groups.

Mayor Lori Lightfoot said during a press conference after the council meeting that she hasn't had a chance to study Villegas's plan, but "this is something that I think a lot of folks are interested in."

"Fundamentally what we need to do is make sure in my view that people have access to good paying jobs, that they can sustain themselves and their families," she said in response to a reporter's question about the ordinance. "I am happy to take a look at that proposal, but I haven't had a chance to see it yet."

Lightfoot's administration is still trying to seek community input and decide how American Rescue Plan funds can be used with the greatest benefit to the city's residents, she said. That plan may not be ready for the city council's next meeting in May, Lightfoot said.

Chicago's finance and budget officers have suggested the city should use nearly half the federal aid to pay back a \$465 million line of credit from JPMorgan Chase & Co. and to cancel restructuring and refinancing plans worth an additional \$500 million to close the 2021 deficit.

Villegas said addressing the plight of residents who have lost work hours as well as jobs and face eviction should be prioritized. Chicago's unemployment rate currently is around 7.7%. The federal money, he said, should flow to Main Street not just Wall Street.

"It's going to go into our local community," Villegas said. "This is my attempt at what I feel is a necessary recovery plan."

(Mayors for a Guaranteed Income has received donations from Bloomberg Philanthropies, the charitable arm of Michael Bloomberg, founder and majority owner of Bloomberg News's parent company.)



City of Chicago



O2021-1564

Office of the City Clerk

Document Tracking Sheet

Meeting Date: 4/21/2021

Sponsor(s): Villegas (36)

Type: Ordinance

Title: Amendment of Municipal Code Title 1 by adding new Chapter 1-26 entitled "Chicago COVID-19 Program for Relief Ordinance"

Committee(s) Assignment: Committee on Committees and Rules

ORDINANCE

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

SECTION 1. The Municipal Code of Chicago is hereby amended by adding new Chapter 1-26, as follows:

1-26-010 Purpose and intent.

This chapter shall be known and may be cited as the "Chicago COVID-19 Program for Relief Ordinance" ("Chicago CPR Ordinance"). It is the purpose of this chapter to establish a pilot program to: (i) stimulate the local economy through increased consumer spending, while creating improved outcomes for children and their families; and (ii) ensure that Guaranteed Income Payments go to low-income Chicago residents who have been impacted by COVID-19.

1-26-020 Definitions.

As used in this chapter, the following terms shall have the following meanings:

"COVID-19 Guaranteed Income Program" or "Program" means the recurring payment program implemented by this chapter.

"COVID-19 Impact" means any one of the following:

- (1) 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;
- (2) 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;
- (3) adverse financial consequences experienced by the applicant as a result of lack of childcare due to COVID-19;
- (4) 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
- (5) other demonstrable adverse financial consequences experienced by the applicant due to COVID-19.

"Department" means the Department of Finance.

"Guaranteed Income Payments" means unconditional payments paid directly to eligible recipients under the Program.

"Recipient" means an eligible Chicago resident who has been selected to receive Guaranteed Income Payments for the pilot.

1-26-030 Program Term.

This chapter shall expire and be repealed on its own accord, without further action of the City Council, on the later of June 30, 2022 or 12 months after the first disbursement of Guaranteed Income Payments. All Guaranteed Income Payments due to Recipients must be paid prior to Program termination.

1-26-040 Program Application Required.

To be considered for the Program, Chicago residents must submit an application to the Department in a form prescribed by the Department. Timely submission of the application does not guarantee selection for receipt of Guaranteed Income Payments. Applications that contain incomplete or inaccurate information will be rejected.

1-26-050 Program Eligibility.

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

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

- (1) they are a Chicago resident who is enrolled in City Colleges or has a dependent: (A) who is enrolled in Chicago Public Schools or City Colleges, or (B) who is not yet the minimum age to attend Chicago Public Schools;
- (2) they have experienced a COVID-19 Impact at the time of application, as defined by this chapter;
- (3) they have an income at or below 300% of the federal poverty guidelines; and
- (4) they are not employees of or elected officials of the City of Chicago or the State of Illinois.

(c) Except as otherwise required by law, the Department shall not consider or require disclosure of an applicant's (i) criminal record or criminal history or (ii) citizenship or immigration status when determining eligibility for the Program.

1-26-060 Verification of Eligibility and Selection of Recipients. The Department shall review all applications for completeness and accuracy, and shall determine whether applicants are eligible for Guaranteed Income Payments. From the pool of eligible applicants, the Department shall randomly select Recipients of Guaranteed Income Payments.

Referred to Committee on Budget and Government Operations

1-26-070 Guaranteed Income Payments.

(a) *Guaranteed Income 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 Chicago residents and stimulate economic activity in Chicago in response to COVID-19.

(b) *Frequency, amount, and manner of Guaranteed Income Payments.* Recipients will receive up to 12 Guaranteed Income Payments in an amount not to exceed \$500. The Department shall deliver Guaranteed Income Payments to Recipients on a prepaid debit card and in a manner that prioritizes payment security and minimizes the need for additional actions by the Recipients.

1-26-080 Return of Guaranteed Income Payments made to recipients later deemed ineligible.

The Department may use any legal means to recapture Guaranteed Income Payments from Recipients who knowingly misrepresent any material information in their application to the Program, or who violate any laws or rules governing the Program.

1-26-090 Transaction Monitoring; Study.

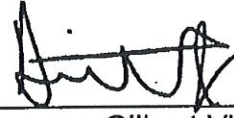
Recipients may be asked to voluntarily share transaction information connected to the Program. Using that information, the Department shall prepare a statistical and financial report that analyzes the impacts of Guaranteed Income Payments on Recipients and the City as a whole, including whether Guaranteed Income Payments impact income volatility, economic agency, financial wellbeing, and general welfare. The Department may enter into an agreement with a third-party to complete this study.

SECTION 2. To the extent permitted by law, no payments under Chapter 1-26 shall affect any recipient's eligibility, and no such payment shall be taken into account when determining any recipient's income level or assets, for any current or future City, State, or Federal program or benefit administered by the City which is based upon income level or assets, including eligibility for any affordable housing benefits to rent any income-limited dwelling unit under the applicable Affordable Requirements Ordinance, or any future reparations to descendants of enslaved Africans.

SECTION 3. The amount of \$30,000,000 not previously appropriated from funds awarded to the City under the federal American Rescue Plan Act of 2021 is hereby appropriated to finance the COVID-19 Guaranteed Income Program also known as Chicago COVID-19 Program for Relief pilot.

SECTION 4. This ordinance shall take effect upon passage and publication.

Chicago City Council
April 21, 2021
Referred to Committee on Budget and Government Operations



Gilbert Villegas
Alderman, 36th Ward