



FACT SHEET

The Stockton Economic Empowerment Demonstration

*"One of the great liabilities of history is that all too many people fail to remain awake through great periods of social change...But today **our very survival depends on our ability to stay awake, to adjust to new ideas, to remain vigilant and to face the challenge of change.** The large house in which we live demands that we transform this worldwide neighborhood into a worldwide brotherhood. Together we must learn to live as brothers or together we will be forced to perish as fools."*

— The Reverend Dr. Martin Luther King, Jr.

Background

For nearly four decades, working people in America have weathered a steady decline in both their wages and quality of life. From stagnant wages for middle- and low-income workers to rising inequality between those on the lower end of the economic spectrum and the richest Americans, working families have witnessed a downward spiral in good-paying jobs that can support a family, fewer and fewer health and workplace benefits, and the disappearing dream of a retirement with dignity.¹ It's little wonder that the national poverty rate has hovered around 13.5 percent, with millions living in "deep poverty" with a household income below 50 percent of the federal poverty threshold.²

Now, Stockton, CA Mayor Michael Tubbs and the Reinvent South Stockton Coalition are launching a groundbreaking new effort to explore how a guaranteed basic income can help empower citizens struggling in the modern economy to build a better future for themselves and their families. The Stockton Economic Empowerment Demonstration (SEED) is the nation's first-ever municipal level pilot program that will evaluate how an income floor of \$500/month can improve the economic security and well-being of city residents.

The SEED project puts Stockton on the cutting edge of addressing some of the nation's most pressing economic challenges and will inform how we may reimagine the social safety net for the first time since the 1940's. While basic income experiments are underway worldwide, Stockton will be home to the first public/private pilot in the United States with significant leadership from a public official and an emphasis on community engagement.

Stockton, California: A Microcosm of Working America

Stockton is a city with a challenging past – and a promising future. With 1 in 4 residents living below the poverty line, Stockton is in many ways a microcosm of the United States. In recent

¹ <http://www.epi.org/publication/charting-wage-stagnation/>

² <https://poverty.ucdavis.edu/faq/what-current-poverty-rate-united-states>

years, major shifts in our economy, persistent wage stagnation, and rising inequality have made it increasingly difficult for hardworking residents to make ends meet.

Located in California's Central Valley, Stockton was at one point the foreclosure capital of America and gained notoriety in June 2012 as the first city in the nation to file for bankruptcy. Despite the ever-present challenges of a struggling economy, high obesity and low literacy rates, the city is turning the corner under the leadership of Mayor Michael Tubbs, who in January 2017 became the youngest mayor in history to lead a city with more than 100,000 residents and Stockton's first African American mayor. Dedicated to rebuilding his hometown, Mayor Tubbs has set forth a progressive and innovative agenda that is focused on economic development, education, and overall good governance.

Stockton By the Numbers

With 315,000 residents and counting, Stockton is a bustling and lively American city. Stockton is a highly diverse and majority-minority city: 40% of residents are Hispanic or Latino, 37% are white, 21% are Asian, 12% are black/African American, 0.6% are Native American, and 7% have a heritage of two or more races. Foreign-born individuals comprise 26% of the population and 45% of households speak a language other than English.³

The people of Stockton are currently falling behind the nation:

- Stockton's median household income of \$44,797 falls far below the state's median household income of \$61,818.⁴
- The unemployment rate of 7.3% vastly exceeds the nation's unemployment rate of 4.3%.⁵
- Only 35% of the city's students are college ready by graduation.⁶
- Though Stockton is an agricultural hub and exports food products across the world, 18% of its residents experience food insecurity.⁷
- The city is 18th in the nation for child poverty and 25% of its residents live below the poverty line.⁸

Although Stockton has struggled financially over the past few decades, Stockton is also a city on the rise. The people of Stockton are hardworking, resilient, and zealous – and are actively contributing to the economy. Yet Stockton remains a prime example of a community that can benefit from creative policy interventions – and the Stockton SEED project will assess a bold solution to an economy that is falling short for far too many Americans today.

³ <https://www.census.gov/quickfacts/fact/table/stocktoncitycalifornia/POP060210>

⁴ <https://www.census.gov/quickfacts/fact/table/stocktoncitycalifornia/POP060210>

⁵ https://www.bls.gov/eag/eag.ca_stockton_msa.htm

⁶ <http://www.kidsdata.org /region/1269/stockton/results#ind=&say=&cat=18>

⁷ <http://www.sjcphs.org/disease/documents>

⁸ http://www.recordnet.com/article/20130729/A_NEWS/307290312

The Plan for SEED: a basic income demonstration

Mayor Michael Tubbs is inspired by the vision of Dr. Martin Luther King, Jr. – a proponent of a guaranteed income – to tackle poverty and limits to opportunity by investing directly in Stocktonians. The motivating question is simple: in communities that are looking for a way forward amid disinvestment and shifting economic forces, can a guaranteed income unleash potential and provide needed stability?

The Stockton Economic Empowerment Demonstration will:

- Launch with a 6-9 month design period to establish program parameters and details including eligibility, payment amount, and research and evaluating partner
- Prioritize throughout the demonstration both community input and engagement, starting with a listening tour and open call for comment
- Issue an open request for proposals (RFP) for research and storytelling partners

The SEED project is supported by an initial \$1 million investment from the Economic Security Project – a network of researchers, organizers, elected leaders, and technologists committed to advancing the conversation on cash transfers and basic income in the United States – to help jumpstart its ongoing fundraising efforts.

A Guaranteed Income Has Improved Outcomes for Working People Elsewhere

Guaranteed income has positively impacted the lives of working people across pilot programs over the past five decades. A negative income tax has been tested in the United States and in the Canadian province of Manitoba. The Eastern Band of Cherokee Indians delivers a dividend to all adult tribal members and the Alaska Permanent Fund distributes approximately \$1,000 a year to every man, woman, and child in Alaska. Basic income is also currently being piloted in nearby San Francisco and Oakland as well as Ontario, Canada.

Across these experiments, communities that employ a guaranteed income have seen increased educational achievement and improved health and social outcomes, without affecting labor market supply. Unconditional cash has even led to a decrease in behavioral problems such as substance abuse, school absence, and minor crimes. Economists across leading institutions have deduced time and again that when people in poverty are given unconditional cash, they take care of their most basic needs, save for the future, and use their free time to focus on climbing up the economic ladder.

Stockton Joins the Basic Income Movement

A guaranteed income is a powerful policy solution that has been debated and championed for decades, since the beginning of the great American experiment. Guaranteed income, also known as universal basic income (UBI) or basic income, is a system of widely distributed,

regular, unconditional cash stipends. The concept of a guaranteed income has emerged throughout American history: Thomas Paine proposed the idea in *Agrarian Justice*, Martin Luther King, Jr. advocated for a guaranteed income, early 20th century economists defined the idea as a negative income tax, and Richard Nixon and Daniel Patrick Moynihan joined forces to advocate for an income floor that almost made it through Congress in the 1970s. Today, we have a modern day version of a guaranteed income: the state of Alaska distributes an annual dividend to every Alaskan through the Alaskan Permanent Fund.

The Stockton pilot is a part of a growing movement for unconditional cash programs and an income floor across the country. In April, the Hawaii House of Representatives declared basic economic security as a right in Hawaii, and created a working group to explore universal basic income. Led by Rep. Chris Lee, this legislation is the first of its kind in United States history. Y Combinator announced in September their proposal for an expansion of their basic income study. The Put a Price on It D.C. campaign is fighting for a carbon cap and dividend system, which would create a fee on all companies that buy and sell fossil fuels in D.C., and rebate the money back to D.C.'s working families.

National leaders are also advocating for unconditional cash – earlier this year, Congressman Ro Khanna (CA-17) proposed a national basic income program on Capitol Hill, calling for a massive increase to the Earned Income Tax Credit. In August, Deputy Chair of the Democratic National Committee Keith Ellison endorsed a guaranteed income. In January, President Obama advocated for a basic income conversation in the coming years. With Mayor Tubbs joining the fight for economic security, the list of supportive national leaders continues to grow.

***FOR MORE INFORMATION ABOUT THE STOCKTON ECONOMIC EMPOWERMENT
DEMONSTRATION, VISIT STOCKTONDEMONSTRATION.ORG***