



Guaranteed Income to Grow Ann Arbor

Pilot program to support your well-being, economic stability, or business

Guaranteed Income to Grow Ann Arbor: Baseline report

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Overview

On June 5, 2023, the Ann Arbor City Council authorized Poverty Solutions at the University of Michigan to operate and evaluate a guaranteed income pilot program. One hundred Ann Arbor entrepreneurs, small-business owners, and gig workers with low and moderate incomes are receiving monthly guaranteed income payments of \$528 as part of the [Guaranteed Income to Grow Ann Arbor](#) (GIG A2) pilot program. Another 100 Ann Arbor entrepreneurs receive \$25 a month for their continued participation in the research component of the study, described further below.

Guaranteed income pilots operate throughout the United States, providing participants with regular payments that have no strings attached to their use. In Ann Arbor, funding for the guaranteed income payments comes from the City of Ann Arbor's American Rescue Plan Act funds and from the Ann Arbor Area Community Foundation.

Researchers from the University of Michigan are evaluating the pilot program to determine whether the monthly payments improve participants' well-being, contribute to business growth and stabilization, and/or allow participants the opportunity to step away from their entrepreneurial work and focus on other activities that are important to them.

This report provides a brief overview of the GIG A2 study. Data from participant surveys are also included, highlighting participants' needs and priorities, their work activities, future goals, and their roles in the Ann Arbor community.

The GIG A2 Pilot

Small businesses, including those that are informal, generate significant economic activity and contribute to the unique character of Ann Arbor's community. Starting and sustaining a business is a dream of many people, yet for those with lower incomes, it can be a difficult dream to achieve. For other people, including some gig workers, having a business may be an economic necessity, particularly for those whose primary jobs may not pay enough or those who are facing high housing and other costs. For these reasons and based on conversations with numerous community organizations, the Ann Arbor pilot focuses on entrepreneurs and gig workers.

The pilot's definition of entrepreneur is meant to be inclusive of people who have side gigs, are trying to start a business, or who have a business going. People who shovel snow in the winter, do lawn care in the summer, perform freelance writing, or who are artists are just a few of the types of entrepreneurs who could participate. Additional eligibility requirements for the pilot were having low or moderate income, defined as household income at or below 225% of the Federal Poverty Line, and being a resident of the City of Ann Arbor.

Individuals applied to GIG A2 between Oct. 2 and Oct. 13, 2023, primarily through an online application. Applicants could also come to the downtown Ann Arbor public library, where project staff were available from 10 a.m. – 8 p.m., seven days a week to provide assistance and answer questions.

GIG A2 received more than 1,000 applications. Many applicants were ineligible because they did not live in Ann Arbor. After screening all of the applications, 500 applicants were determined eligible and were placed in a selection pool.

From the eligible applications, 200 GIG A2 participants were selected to participate in the study. The selection process considered (in statistical terms “stratified by”) a small number of demographic characteristics (race/ethnicity, education level, and whether the applicant obtained work via an online platform such as DoorDash, Uber, or Lyft) to make sure participants’ characteristics reflected those of the overall applicant pool. The 200 GIG A2 participants were then assigned to receive either the (1) guaranteed income payments (\$528/month for 100 participants) or (2) small monthly research payments to be in the study (\$25/month for 100 participants). The assignment to either group was completely random, meaning that each participant had an equal chance of being assigned to receive the guaranteed income payments or the small monthly research payments, relative to their race/ethnicity, education levels, and use of online platforms. Due to the way we initially grouped applicants by the characteristics named above, the two groups are identical on that set of characteristics. For more information on the selection and random assignment process, please contact the GIG A2 study team at annarborguaranteedincome@umich.edu.

Selected guaranteed income participants were contacted between November 2023 and January 2024, and the first payments were issued January 15, 2024. Since then, 100 individuals have been receiving \$528 each month, either through direct deposit to their bank account or via a debit card. Guaranteed income payments are issued by Steady, a mission-driven fintech company with extensive experience working with guaranteed income programs across the U.S. Selected research participants (those receiving \$25 a month) were contacted between November 2023 and February 2024.

The Research

GIG A2 is being evaluated using a randomized controlled trial method. This means that when differences are found between the 100 people receiving the guaranteed income payment and the 100 people who are in the research group, those differences are likely due to the payment. For example, if, in the future, fewer participants receiving \$528 a month report having difficulty paying rent, compared to those receiving the \$25 monthly research payment, then the difference can be attributed to the guaranteed income payment.

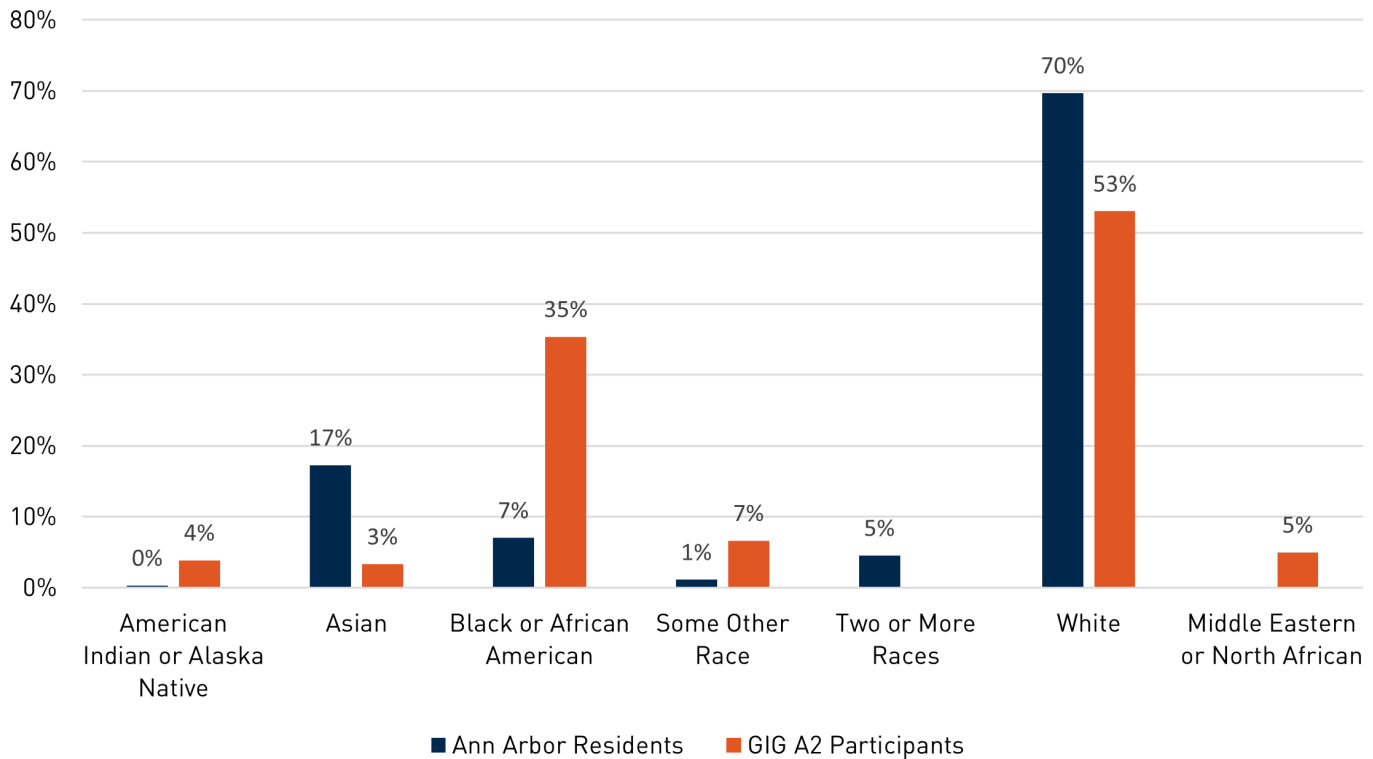
In order to obtain information, surveys were administered once participants confirmed that they wanted to be in the pilot. Participants will be surveyed again in early 2025 and in early 2026, after the pilot ends. Also, the research team is concluding in-depth interviews with a smaller number of participants and will re-interview them again in mid-2025.

Characteristics of GIG A2 Participants

Based on information provided on the baseline survey, GIG A2 participants have the following characteristics:

- Race/Ethnicity: 53% of participants are white, 35% are Black, and 19% specified another race or ethnicity. Participants could select more than one race, so the percentages do not add up to 100%.
- Education: 13% completed high school / GED or less, 26% completed some college without receiving a degree, 14% completed an associate degree, 28% completed a bachelor's degree, and 15% completed a graduate or professional degree.

Figure 1: Race of GIG A2 Participants and Ann Arbor Residents



Note: GIG A2 participants were asked to check all race/ethnicities that apply. Middle Eastern or North African origin is not asked in Census.

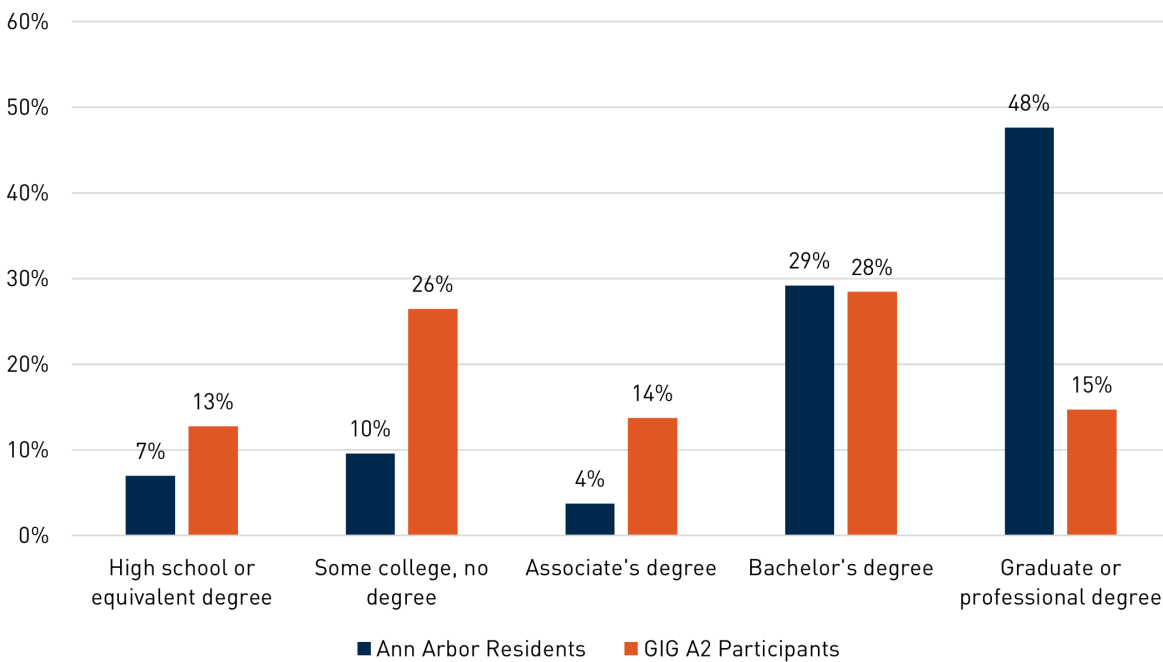
Compared to the entire population of Ann Arbor, GIG A2 participants are more likely to be Black or another race other than white.

GIG A2 participants tend to be younger Ann Arbor residents, with a median age of 33. However, participants range in age from 18 to 61.

Just over 60% of the GIG A2 sample identified as women, one-third as men, and 3% as non-binary. The vast majority of the sample (85%) reported household incomes under \$48,000 a year, much lower than the City's median income of \$78,546.

Research on entrepreneurial efforts in the U.S. by individuals with lower incomes finds that these types of businesses, often called micro businesses, are more likely to be led by younger people, women, and people of color compared to the overall population of small business owners. GIG A2 participants, then, reflect what we see nationally.

Figure 2: Educational Attainment of GIG A2 Participants and Ann Arbor Residents



Note: The data include GIG A2 participants who are 25 and older in order to match how the Census reports the educational attainment of all Ann Arbor residents.

Types of Entrepreneurial Work

GIG A2 participants perform a wide range of entrepreneurial work. Figure 3 displays the sectors in which participants work, including personal care services (45%), maintenance (37%), food service (25%), and the arts (30%). However, more participants (74%) report working in other sectors, which includes work shown in Figure 4. GIG A2 participants could select multiple work categories in which they are engaged, so the percentages do not add up to 100%.

The most commonly reported “other” type of work was selling or reselling items (23%) and participating in research studies (22%), which is not surprising given the presence of the University of Michigan. Obtaining work via an online platform was also a commonly reported type of work (18%).

Figure 3: GIG A2 Participants' Entrepreneurship Activity, by Type

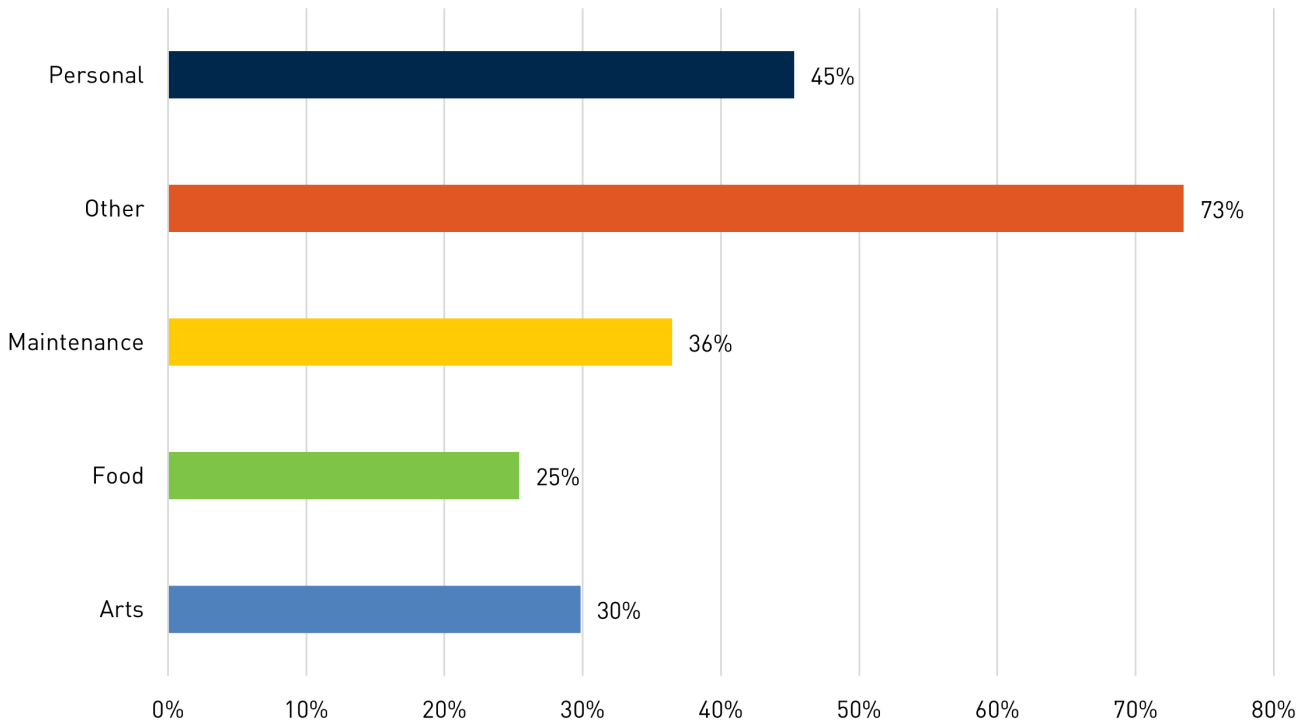
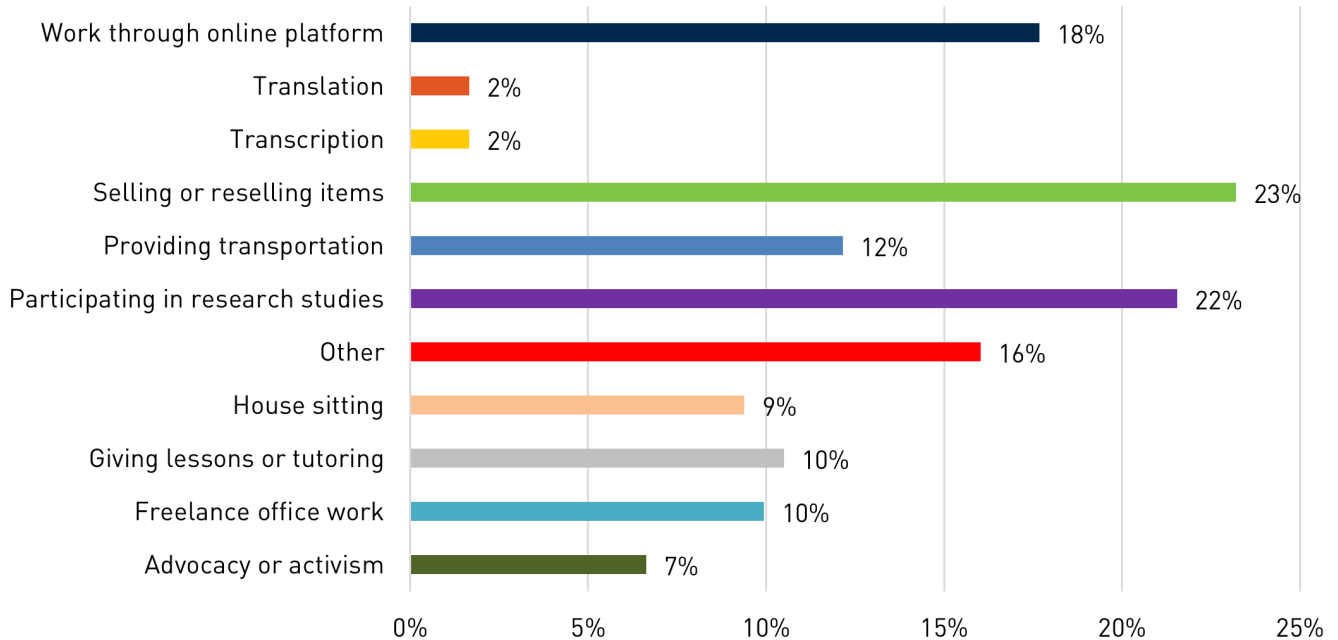


Figure 4: Other Types of Entrepreneurship

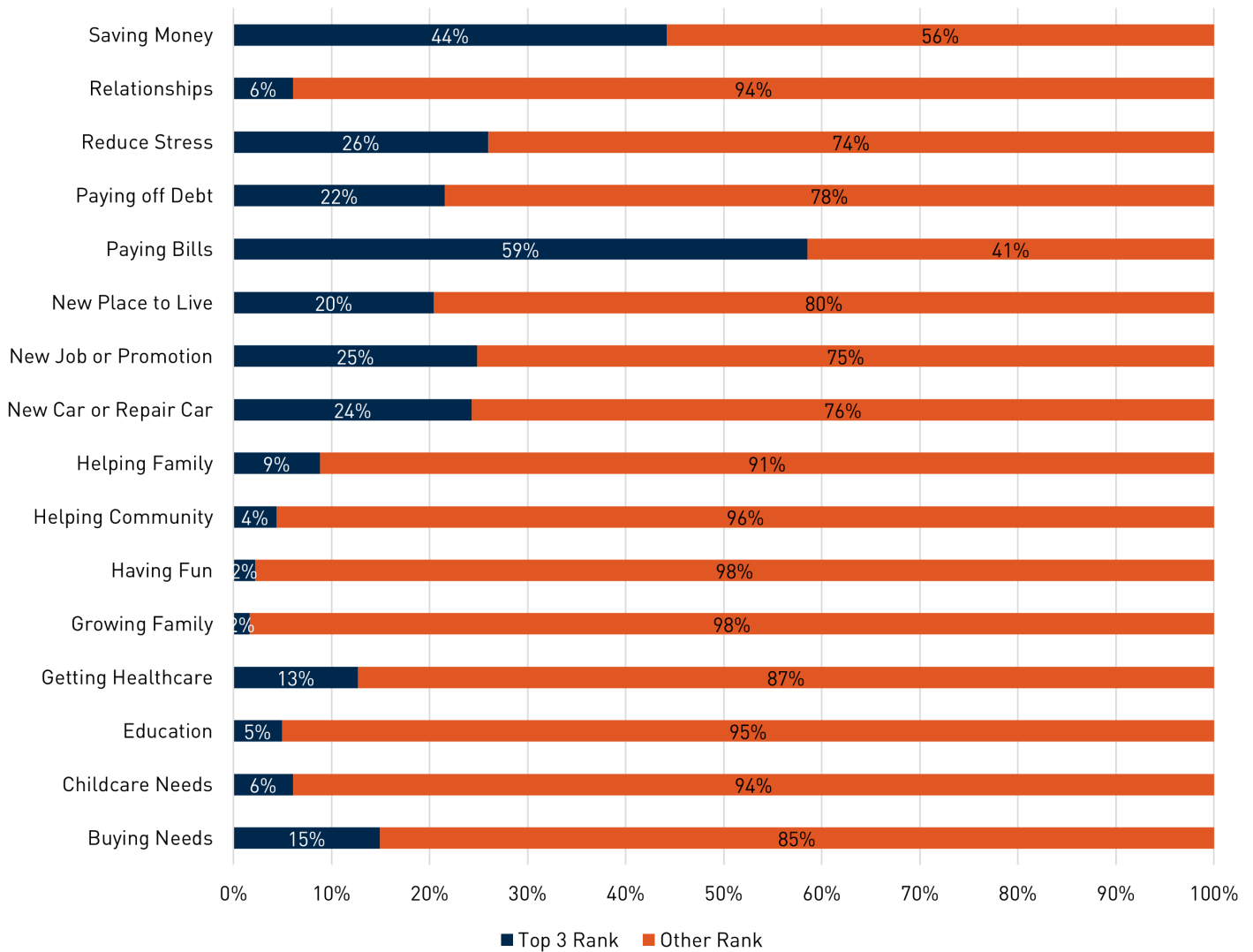


Needs and Priorities

Prior to receiving their first payments, participants were asked to rank their needs and priorities in order from most to least important. The majority indicated that paying bills, saving money, and reducing stress were among their top three priorities.

Will the guaranteed income payments help participants meet their needs? Future surveys will track this and other information, such as the impact of the payments on housing stability, health, and other measures of well-being as well as whether the payments help participants grow their businesses or entrepreneurial work.

Figure 5: Top Needs and Priorities of GIG A2 Participants





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To learn more about Guaranteed Income to Grow Ann Arbor, visit
giga2.org