

# **New Local Guaranteed Income Pilots**

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# Agenda

1. New U.S. Guaranteed Income Pilots
2. History of UBI
3. How to Evaluate the Pilots



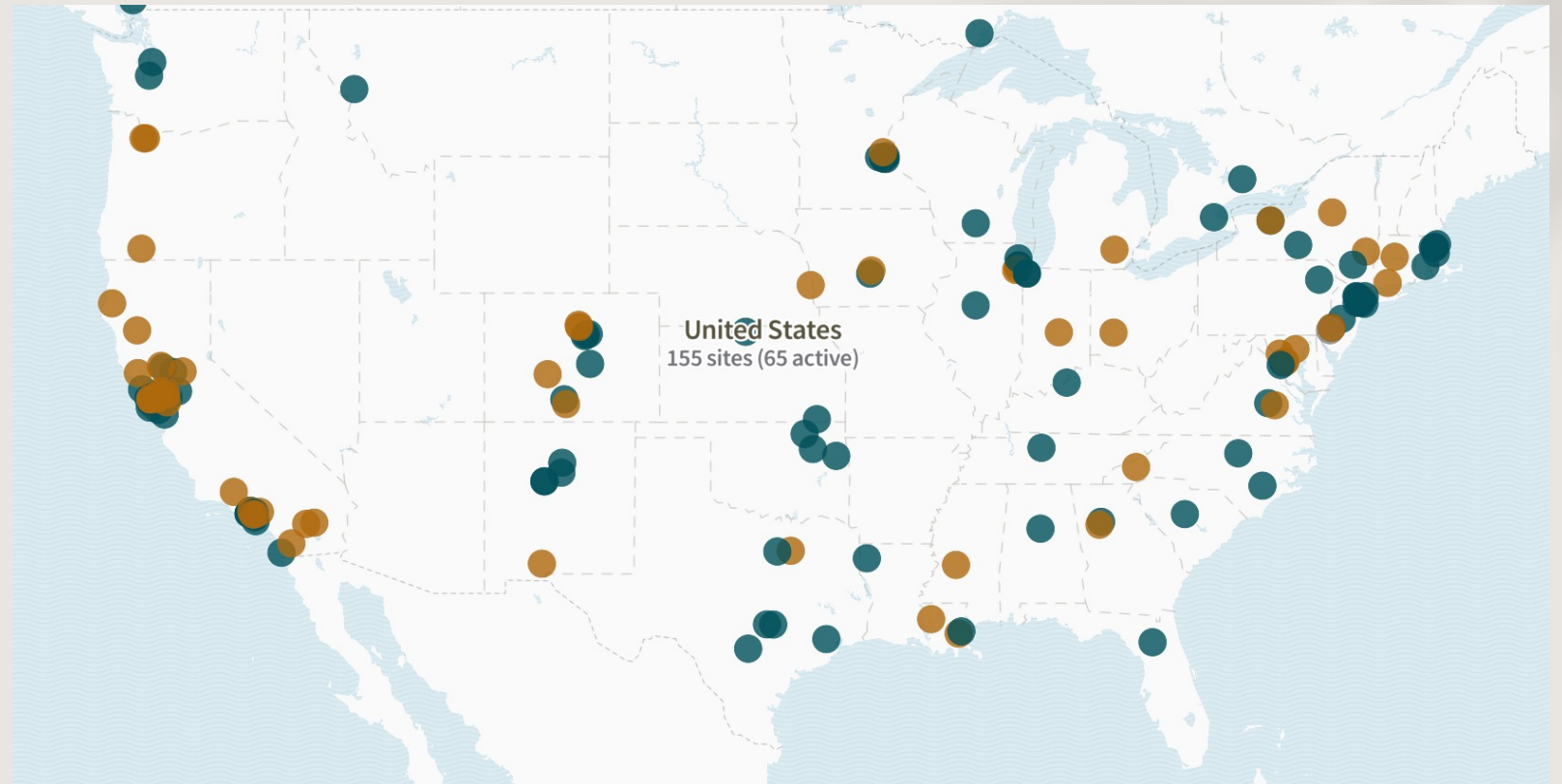
# What are Guaranteed Income Pilots?

<b>Characteristics</b>	
<i>One</i>	Cash assistance, usually \$500-\$1,000 monthly
<i>Two</i>	One top of current safety net
<i>Three</i>	Time limited for now
<i>Four</i>	Some population limit, usually by income
<i>Five</i>	No strings attached

# U.S. Experiment Sites

**155** U.S. sites

**65** Active



# What's the Stated Goal?

- Mayors for a Guaranteed Income
- 125 mayors with dozens of pilots in 34 states
- “There is a very real chance **to revive the expanded CTC,**” which it defines as “**a guaranteed income for families with children.**”
- Initially philanthropically funded by a mix of private, corporate, and foundation donors, more pilots are funded by pandemic spending and even TANF.

According to the Mayors for Guaranteed Income Year End Report 2022:

[https://static1.squarespace.com/static/60ae8e339f75051fd95f792e/t/63a4a6119e99192e4dee690b/1671734802641/MGI\\_End+of+Year+Report\\_2022\\_FINAL+DIGITAL+%281%29.pdf](https://static1.squarespace.com/static/60ae8e339f75051fd95f792e/t/63a4a6119e99192e4dee690b/1671734802641/MGI_End+of+Year+Report_2022_FINAL+DIGITAL+%281%29.pdf)

# Roots in Universal Basic Income

*UBI is very similar to the Guaranteed Income Pilots:*

- Universal (i.e., no income limits)
- Unconditional (no work requirements, but can phase out)
- Sufficiently generous to cover an individual's basic needs
- Continuous payments (usually monthly)

# UBI Timeline

Milton Friedman's *Capitalism  
And Freedom* proposes  
Negative Income Tax

1962

1969

1972

2016

2016

President Carter runs on a  
uniform national payment

Then Sen. Kamala Harris  
introduces Covid bill to send \$2k  
per person under \$200k

President Nixon proposes  
Family Assistance Plan

Charles Murry proposes  
replacing safety net with  
\$10k per person grant

# The Cost of UBI

- A basic UBI giving \$10,000 to every US adult would cost about **\$2.5 trillion every year.**
- Paying a \$1,000-a-month would require **increasing consumption taxes by 22.3 percentage points.**
- \$2,000-per-person COVID-19 UBI proposals rang in at **\$21 trillion over 10 years.**



Kearney and Mogstad (2019)  
Luduvic (2021)  
Weidinger (2023)



# UBI Evidence – The NIT Experiments

- **1970s - Negative Income Tax Experiments**

- LBJ ordered the Commission on Income Maintenance Programs in the Office of Economic Opportunity to test NITs in one of the largest US safety-net experiments. They had control groups, but not random assignment.
- Experiments ran 3 to 5 years in four locations: 1300 people in husband/wife couples in New Jersey and Pennsylvania (1968-72); 809 recipients in rural North Carolina and Iowa (1970-72); 1,780 African Americans recipients in Gary, Indiana (1971-74); and 4,800 participants in Seattle and Denver (1970-78).

- **What were the results?**

- “Husbands reduced their reported work effort by approximately 7 percent, while wives and female heads reduced reported hours by 17 percent.”
- Each \$1,000 in added benefits was offset by a \$660 reduction in earnings.
- Each dollar of benefits provided by the experimental programs led to a \$3.04 drop in recipients’ lifetime earnings.
- Some analysis found that full employment impacts take years (2.4 - 4.5 years, depending on family)
- Costs taxpayers roughly \$3 to raise incomes of low-income families by \$1.

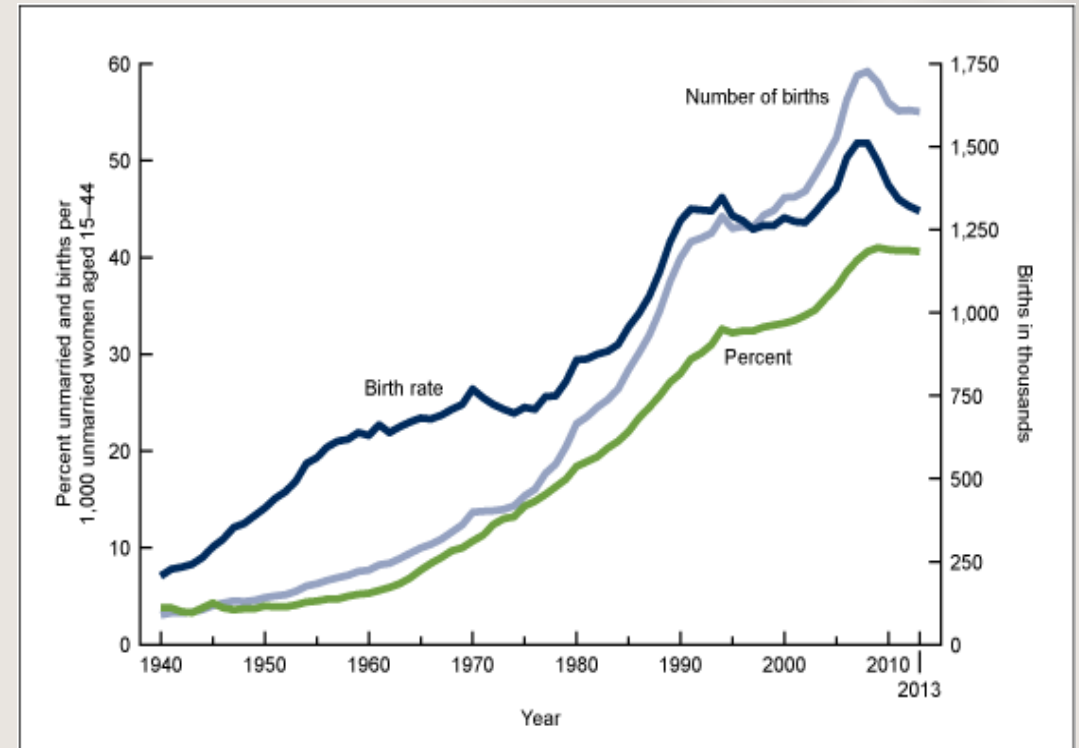
# Other U.S. UBI Evidence

- **Alaska Permanent Fund** - Oil-based budget surplus redistribution since 1983
  - In 2022, Alaska distributed \$3,248 to every state citizen
  - evidence for an increase in part-time employment
  - No change personal consumption, liquidity constraints, greater savings, or increased spending on semi-durable goods relative to other US households.
- **Native Transfers** - Casino profit redistribution paid every six months
  - Some evidence of better childhood outcomes in higher levels of education and reduced incidences of criminality

# Aid to Dependent Children with Families

- Cash assistance to low-income families, primarily led by single mothers.
- The 1994 average monthly payment was \$420/month (\$882 in 2023).
  - **1 in 10:** families had an employed worker.
  - **8 years:** average length of time on benefits
  - **1 in 7:** U.S. children on the benefit.

## Non-married childbirths



# Welfare Reform: AFDC to TANF

- Work requirements implemented – 20 to 30 hours per week of working or training for work.
- **Economic Outcomes**
  - Child poverty declines 60 percent.
  - Employment of never married mothers increases by from 46 percent to 62 percent.
- **Wellbeing Outcomes**
  - Financial strain and food insecurity dropped
  - Physical, emotional, and psychological health improved
  - Better health and behavioral outcomes for their children

Scott Winship, "Poverty After Welfare Reform," Manhattan Institute, August 22, 2016, <https://www.manhattan-institute.org/html/poverty-after-welfare-reform.html>

Slack, Kristen Shook et al. "How Are Children and Families Faring a Decade After Welfare Reform? Evidence from Five Non-Experimental Panel Studies." *Children and youth services review* vol. 29,6 (2007): 693-697,

<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4260333/>

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Rebekah Levine Coley et al., "Maternal Functioning, Time, and Money: The World of Work and Welfare," *Children and Youth Services Review*, Vol. 29, No. 6 (June 2007), <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC1948836/>

# How Should We Evaluate Guaranteed Income Pilots?

1. Measure Work Impacts.
2. Measure Medium- to Long-Term Employment.
3. Measure Earnings and Hours Worked—Particularly for Parents of School-Age Children and Individuals Without Dependents.
4. Measure Continued Safety-Net Dependence.
5. Measure Long-Term Impacts for Children.
6. Measure the Impact on Children Raised in Married Families.

# Results from First Pilot: Stockton (2019)

- **Stockton Economic Empowerment Demonstration**

- A California, a mayor-led effort, to give 125 citizens who earn less than \$46,033 a benefit of \$500 a month for 24 months.
- Control group was 200.
- First year report show that treatment recipients moved from 28 percent to 40 percent. The control group moved from 32 percent to 37 percent.
- The second year, during COVID-19 lockdowns reported no statistically significant differences in employment changes between the control and treatment groups The report did not distinguish between full-time and part-time work.
- They also included caretakers as employed, without distinguishing whether those individuals were originally caretakers or moved into this role due to the subsidy or a health emergency.

# Other Recent Final Reports

- **Ulster County, New York's Project Resilience:** \$500 a month to 100 recipients
  - Small samples.
  - Mismatched samples: 41 percent of the control group was employed, compared to 69 percent of the treatment group
- **Washington, DC's Thrive East of the River:** \$5,500 to almost 600 households
  - No control group.
  - Lump sum payment.
  - Survey response dropped from 82 to 28 percent.
  - No baseline employment rate reported. Second survey had 66.6% unemployment.
- **Jackson, Mississippi's Magnolia Mother's Trust:** \$12,000 to 87 black, single, low-income mothers over 12 months
  - No control group.
  - Employment increased from 28 to 45%.

# State prohibiting cities and counties from guaranteed income pilots

- Iowa
- Arkansas
- Idaho
- South Dakota
- Texas attorney general sued Harris County to prohibit a pilot launch.
- Wisconsin Legislature - Vetoed by Governor
- Arizona Legislature- Vetoed by Governor



# Why is Guaranteed Income the focus? CTC on the Horizon Next

- The Biden Child Tax Credit is a top priority when the Tax Cuts and Jobs Act expires at the end of 2025.
  - The 2019 National Academies of Sciences, Engineering, and Medicine (NAS) consensus report estimated 39 percent reduction in deep poverty.
  - Corinth estimates that low-income families would reduce work between 7 percent and 10 percent. This would lead to 1.5 million workers, coming to 2.6 percent of all working parents exiting the labor force. No effect on deep child poverty.

# Questions?

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