A Framework for a Guaranteed Basic Income Pilot in Montgomery
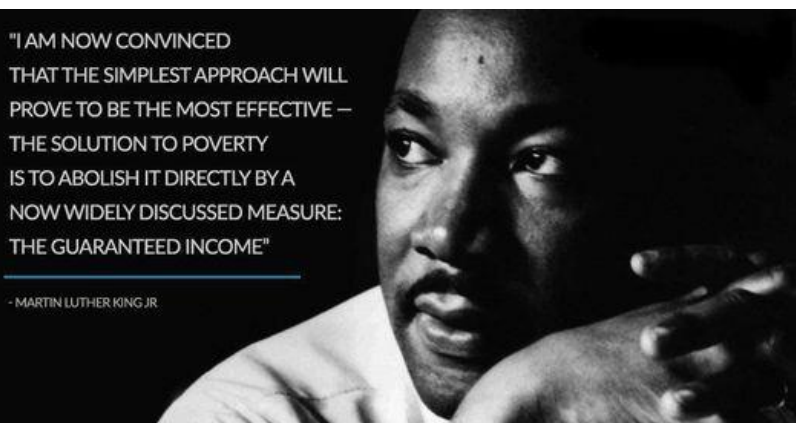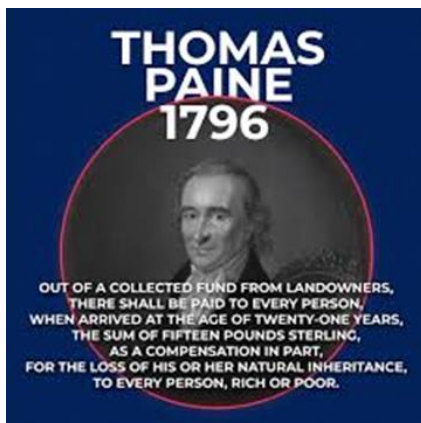
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About the Fellow

Eva Acevedo is a Master of Public Policy student at the University of Maryland, specializing in social policy. She is passionate about identifying and pursuing policy solutions that support families' economic security, advance equity and upward mobility, and revitalize communities. Some of her interest areas include education, housing, poverty alleviation, and data visualization. Prior to attending UMD, Eva earned her B.S. in Statistics and her M.S. in Math Education from Florida State University before serving as a middle school math teacher in Montgomery County, MD, for three years.

Acknowledgements

Executive Summary

Public support and political momentum for basic income has resurged over the past few years. A powerful tool to reduce economic insecurity and help close racial disparity gaps, basic income provides direct cash payments to individuals. While universal basic income (UBI), which provides direct recurring cash payments to every resident, regardless of income level or employment status, remains politically challenging to achieve, guaranteed income (GI) programs, which provide direct recurring cash payments to a targeted group of people, are now happening in several cities and counties across the United States. Even prior to the COVID-19 pandemic, rising income and wealth inequality have left too many American households facing economic insecurity. The pandemic has only exacerbated the financial struggles households face. The case for guaranteed income is at an unprecedented peak.

To understand the impacts of guaranteed income and to build a framework for a pilot program in Montgomery County, this report reviews the findings of past pilot programs and examines current pilots to gain further insights into how pilots are structured. Evidence from recent pilot programs confirm guaranteed income is an effective measure of reducing economic insecurity. Participants experience benefits in many areas of their lives including financial and personal benefits. Participants report greater financial stability, less food insecurity, reduced time scarcity, improved social functioning, greater mental well-being, and more. A guaranteed income pilot in Montgomery County can be targeted to uplift communities in the county that are struggling economically. A pilot program also represents an opportunity to experiment, innovate, and propel guaranteed income forward at the national level.

Summary of Recommendations

KEY PROGRAMMATIC FEATURES TO CONSIDER

- Extensively promote the pilot to generate interest and inform would-be eligible participants of program details.
- Design program aspects with community needs in mind to enhance benefits to participants and build trust. Where possible, seek direct community feedback.
- Mitigate "benefit-cliffs" (reductions or losses in public benefits due to an increase in income) by pursuing waivers and incorporate individualized benefits counseling for participants.
- Collecting both data-based and anecdotal evidence are crucial. Consider designing the pilot as a randomized control trial. Plan to collect long-term participant outcomes, as those are currently missing from the research.

OPTIONS FOR TARGET POPULATIONS

Option #1: Randomly select a group of residents from households at or below 50% of the county's median household income. The focus of this target group is to measure the impact of guaranteed income on the county's more economically disadvantaged households.

Option #2: Randomly select individuals from a cohort of an existing program aimed at helping low-income individuals become self-sufficient (e.g., participants in the Public Assistance to Entrepreneurship program or in a job training component of Temporary Cash Assistance). The focus of this target group is to support these individuals as they exit these programs with new skills and training by providing them with the resources they need to succeed in improving their financial circumstances over the long term—through a direct cash payment.

Introduction

In recent years, guaranteed basic income has resurged in the political and public discourse in the United States. No longer a purely utopian policy, guaranteed income has gained traction as a tool to combat poverty, income inequality, racial disparity gaps, and potentially work displacement brought about by automation and artificial intelligence (Bidadanure et al., 2018). What differentiates guaranteed income from universal basic income? UBI is a direct recurring cash payment to all members of a community, regardless of income level, employment status, or some other means-test (Baker, 2019). In contrast, guaranteed income provides direct recurring cash payments to a targeted group of people with a particular goal in mind, such as addressing economic insecurity among that group or to bridge racial disparity gaps (Baker, 2019). Underscoring unconditional cash transfer programs like GI and UBI, as compared to traditional public assistance programs, is the idea that individuals are best equipped to leverage money according to their family's needs. Under GI, individuals are given cash and are allowed to match the benefit to their changing needs with positive results.
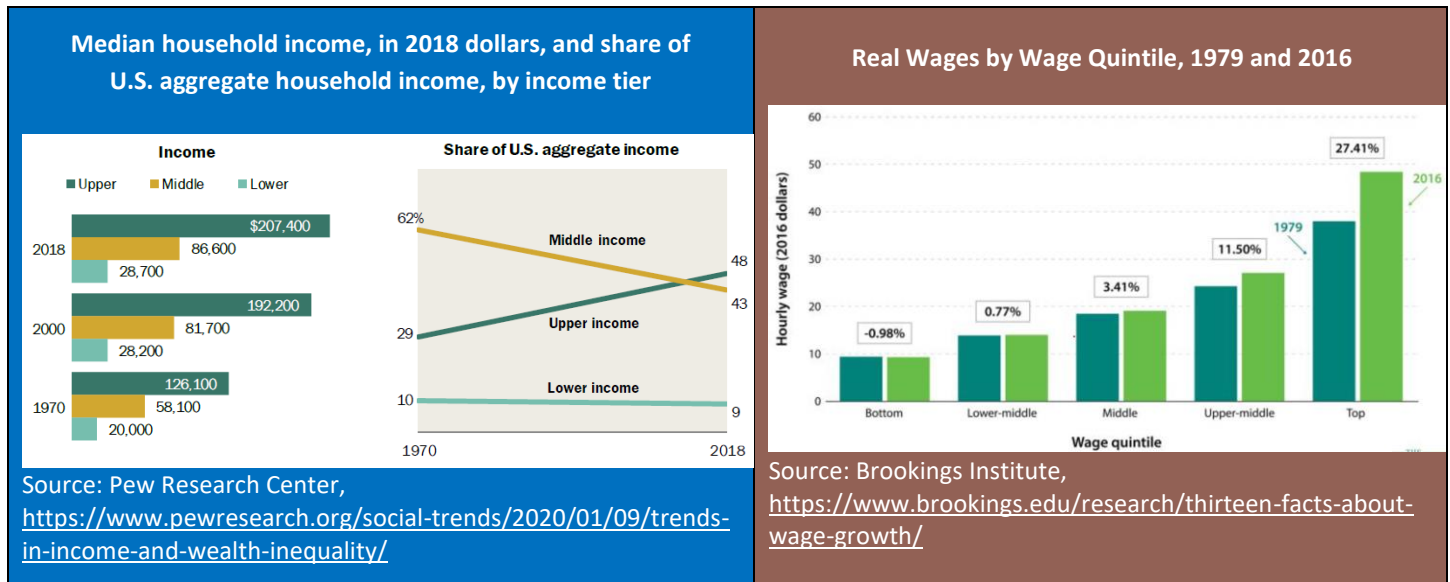
Why act now?

BACKGROUND

Although a bold policy, the idea of an income guarantee is not new and has roots in various ideologies for differing reasons. An early proponent of UBI, Thomas Paine argued for a basic income granted to all citizens upon adulthood. Paine viewed basic income primarily as a means of alleviating poverty, but explained his support was not based in charity but in the right of everyone to share in the benefits made possible by their taxes (Marangos, 2006). In the 1960s, Dr. Martin Luther King Jr. advocated for a guaranteed income to all Americans as the simplest and most effective way to alleviate poverty (Bidadanure, et al., 2018). Other supporters include economist Milton Friedman who supported a negative income tax, a program similar to UBI wherein people with low incomes receive money back from the government. Friedman favored giving low-income people cash to be used as they saw fit rather than an array of benefits from a complicated means-tested public assistance system (Bidadanure, 2019).

TIME FOR ACTION

Since the 1970s, wage stagnation, and rising income and wealth inequality, have resulted in millions of Americans living in precarious economic situations. Too many families are living paycheck-to-paycheck or are unable to afford basic necessities. Prior to COVID-19, 40% of Americans could not afford a $400 emergency (Castro Baker & Martin-West, 2020). The pandemic further exposed the

economic fragility of many American households. Persistent racial disparities in income, wealth, employment, wages, health status, access to health care, education, and housing continue. These conditions, along with fear that automation and artificial intelligence may displace workers at unprecedented rates, are important drivers of renewed interest in guaranteed income. Prior to the pandemic, the number of guaranteed income pilots across the United States began surging. Since then, more local jurisdictions have announced pilot programs. Past and emerging evidence indicate the positive impacts of guaranteed income in recipients' lives. A guaranteed income pilot in Montgomery County would be an opportunity to uplift a group of people within our county, and a chance to experiment, be innovative, and propel guaranteed income forward nationally.

Median household income, in 2018 dollars, and share of U.S. aggregate household income, by income tier

Source: Pew Research Center, https://www.pewresearch.org/social-trends/2020/01/09/trends-in-income-and-wealth-inequality/

Real Wages by Wage Quintile, 1979 and 2016

Source: Brookings Institute, https://www.brookings.edu/research/thirteen-facts-about-wage-growth/

ABOUT MONTGOMERY COUNTY, MD

Home to about 1.1 million residents, Montgomery County is comprised of a diverse and highly educated population (M-NCPPC, 2019). Residents are 42.6% White, 20.1% Hispanic, 18.6% Black, and 14.8% Asian. Approximately 57.8% of residents ages 25 and older hold a Bachelor's degree or higher. The county's median household income of $110,389 in 2019 is high above the national average of $65,712. The poverty rate in 2019 was 7.4%, below the national rate of 12.3%. A guaranteed income pilot in Montgomery County can be targeted to uplift communities in the county that are struggling economically. For example, a breakdown by race reveals median household incomes for White and Asian households are higher than the county-wide median income, while median household incomes for Black and Hispanic households are lower than the county-wide median income (M-NCPPC, 2019). In 2019, 41.1% of renters were cost-burdened, spending more than 35% of their income on housing. In addition to low-income residents, guaranteed income can be targeted to very specific vulnerable groups such as former foster youth, formerly incarcerated individuals, and individuals experiencing homelessness.

Guaranteed Income Pilot Programs in the U.S.

This report will examine the findings of recent guaranteed income pilot programs involving direct recurring cash payments given to a targeted group of people over a set period of time. Table 1 below provides a snapshot of completed, ongoing, and upcoming GI pilots in the United States. Dividend programs, like the Alaska Permanent Fund which pays a dividend from the state's oil revenues to every Alaska resident that has lived within the state for a full calendar year, are not included in the analysis.

Table 1: Guaranteed Income Pilot Programs in the U.S.

Experiment, Location	Sample Size, Population	Amount, Duration	Project Status
Stockton Economic Empowerment Demonstration, Stockton, CA	n=125, residents in neighborhoods at or below Stockton's median income (control group, n=200)	$500/month, 24 months	Completed. Launched in February 2019.
Magnolia Mother's Trust, Jackson, MS	n=110, low-income Black mothers living in federal subsidized housing	$1000/month, 12 months	Ongoing. 1st cohort (n=20) launched in 2018. 2nd cohort (n=110) launched in 2020. 3rd cohort (n=100) will launch in 2021.
Transition-Age Youth Basic Income Pilot Program, Santa Clara, CA	n=72, youth aged out of foster care	$1000/month, 12 months	Ongoing. Launched in mid-2020, was extended 3 additional months.
People's Prosperity Guaranteed Income Pilot, St. Paul, MN	n=100, low-income residents (must have a CollegeBound savings account and meet other income criteria)	$500/month, 18 months	Ongoing. Launched in October 2020.
Direct Assistance Stipend Program, Chelsea, MA	n=2040, low-income residents	$200-$400/month, no set end date	Ongoing. Launched in November 2020.
Compton Pledge, Compton, CA	n=800, low-income residents	$300-$600/month, 24 months	Ongoing. Launched in December 2020.
Guaranteed Income Validation Effort, Gary, IN	n=100, low-income residents (income below $35K/year)	$500/month, 12 months	Ongoing. Launched in Spring 2021.
Denver Basic Income Project, Denver, CO	n=520, homeless individuals (control group, n=300)	Group 1-$1000/month, 12 months. Group 2- $6500 upfront, then $500/month. (Control- $50/month)	Ongoing. Launched in July 2021.

Table 1 Continued: Guaranteed Income Experiments in the U.S.

Experiment, Location	Sample Size, Population	Amount, Duration	Project Status
Oakland Resilient Families, Oakland, CA	n=600, low-income residents (Group 1- must reside in E. Oakland and make below 50% of the area median income. Group 2- open to any low-income resident in Oakland.)	$500/month, 18 months	Upcoming. Will launch in 2021.
Chicago Guaranteed Income Pilot, Chicago, IL	n=5000, low-income residents below 300% FPL	$500/month, 12 months	Upcoming.
Los Angeles Economic Assistance Pilot, Los Angeles, CA	n=2000, low-income residents below FPL	$1000/month, 12 months	Upcoming.
Open Research Basic Income, location TBD.	n=1000, low-income residents ages 21-40 below 300% FPL, (control group, n=2000)	$1000/month (control- $50/month), duration TBD	Upcoming.

COMMON THEMES IN GUARANTEE INCOME PILOTS

Most guaranteed income pilots provide $500 to $1,000 recurring cash payments to participants and typically last 12 to 24 months. The number of participants varies based on funding. Many pilots feature between 100 to 200 participants, or if the monthly payments are smaller or greater funding is available, pilots can include up to 1,000 or more participants. Low-income individuals are the most common target population group. Each pilot sets its own parameters for low-income. For example, some programs choose 50% of the local jurisdiction's average median income (AMI) or use a percentage of the federal poverty line (FPL). Other target populations have included Black mothers, transitioning foster youth, homeless individuals, and formerly incarcerated individuals. A few of the pilots are randomized control trials (RCT). Among recent and upcoming pilots, most are led by local government, while a few are led by non-profit organizations. Guaranteed income pilots are happening in cities and counties of all sizes across the country.

Summary of Findings

To understand the effects of guaranteed income and to build a framework for a pilot program in Montgomery County, I selected three pilot programs for review. Two were conducted in the U.S., the Stockton Economic Empowerment Demonstration and the Magnolia Mother's Trust initiative. Due to the limited amount of available research of GI pilots with published findings, I also reviewed the Ontario Basic Income Pilot in Ontario, Canada. These three pilot programs chose low-income residents as their target population. The Stockton and Ontario pilots were run by local government, and both were designed as randomized control trials. The program in Jackson, MS, was run by a non-profit organization. The pilot programs were funded primarily with philanthropic donations.

A Snapshot of Three Pilots

Stockton, CA — Stockton Economic Empowerment Demonstration	Jackson, MS — Magnolia Mother's Trust	Ontario, Canada — Ontario Basic Income Pilot
• Launched in 2019 • 125 Stockton residents living in neighborhoods ≤ the city's median household income • $500/month for 24 months • Randomized control trial • Completed in 2021	• Launched in 2018 • 110 low-income Black mothers living in federal subsidized housing • $1,000/month for 12 months • Ongoing, 3rd cohort will launch this year	• Launched in 2017 • > 4,000 low-income residents from 3 test locations • Up to $16,989/year (single) or up to $24,027/year (couple), minus 50% of any work income, for 3 years • Randomized control trial • Ended in 2019 after being cancelled early.

PARTCIPANT OUTCOMES HIGHLIGHTS

Participants across the three pilots had positive outcomes in many areas. Financial benefits included increased financial stability, which meant less income volatility, borrowing, and income pooling, and bills were paid on time consistently. Recipients of guaranteed income spent their extra income mainly on food, utilities, and other basic needs. As a result, participants saw major improvements to food security, and their transportation needs were met. Personal benefits they reported included reductions in anxiety and depression, less time scarcity, improved social functioning, and increased agency and self-determination. Guaranteed income also led to positive changes in education and employment outcomes. Some participants decided to return to school or upgrade their skills, and rates of employment increased. Taken together, these results dismantle the belief that low-income individuals would misuse direct cash payments if given without strings attached.

Stockton Economic Empowerment Demonstration— Stockton, CA

OVERVIEW

Launched in February 2019 by former Mayor Michael D. Tubbs, the Stockton Economic Empowerment Demonstration (SEED) was the first mayor-led guaranteed income initiative. [All details on the SEED initiative are from *Preliminary Analysis: SEED's First Year* by West, Castro Baker, Samra, and Coltrera (2021). A report containing analysis of SEED's second year is forthcoming.] SEED distributed $500 each month to 125 Stockton residents for 24 months. Eligible recipients had to be at least 18 years old, live in Stockton, and reside in a neighborhood with a median income at or below the city's median household income of $46,033. SEED sought to address and humanize the issues of poverty, inequality, and income volatility. The initiative's $3 million budget was funded with philanthropic donations including from the Economic Security Project. The independent evaluation of the program was funded by the Evidence for Action Program at the Robert Wood Johnson Foundation.

The cash payments were disbursed around the 15th of every month. This decision was informed by community feedback which found that Stockton families face increased financial stress later in the month. Funds were disbursed onto a Focus Card, a prepaid debit card issued to each participant. Based on banking behaviors in Stockton—about 9.7% of residents did not have a bank account in 2013 to 2017— a prepaid debit card was chosen for its accessibility and its zero cost to recipients. Checks were avoided to prevent check-cashing service fees. Recipients also had the option to transfer all or some of the $500 from the Focus Cards to their preferred banking institution at no charge.

SELECTION PROCESS

Although the selection process was targeted to individuals living in neighborhoods at or below Stockton's median income, participants could earn more than $46,033 and still participate in SEED. Based on the eligibility criteria, 4,200 residences were randomly selected to be invited to participate via a physical mail notice. The mailer was translated into the five most spoken languages in Stockton in addition to English. Upon receiving the mailer, each household chose whether they wished to be considered in the next steps of the selection process and who would respond as the mailer was not addressed to a specific person within the residence.

Households looking to participate completed a web-based consent form that asked for demographic details. From the individuals who completed the consent form, 125 were randomly assigned to receive the guaranteed income, of which 100 made up the core research sample, and 25 were selected as the storytelling cohort who publicly spoke about their experience with SEED. An additional 5 individuals were assigned to receive GI in the event of medical attrition. The control group, who participated in compensated activities, comprised another 200 randomly assigned individuals. Table 2 shows demographic data of SEED's treatment and control groups.

Table 2: Demographic Data of SEED Treatment and Control Groups

	Treatment	Control
Women	69% Women	69% Women
Kids in HH	48%	53%
Average Age	45	40
Single	59%	59%
Partnered	13%	15%
Married	27%	26%
White	47%	44%
Black/AfAm	28%	33%
API	13%	7%
Other	12%	17%
Hispanic/Latinx	37%	36%
Renters	50%	65%
Homeowners	25%	18%

RESEARCH QUESTIONS AND METHODOLOGY

The study design consisted of a mixed methods randomized control trial and was evaluated by a team of independent researchers, Dr. Stacia West of the University of Tennessee and Dr. Amy Castro Baker of the University of Pennsylvania. There were three primary research questions.

1) How does guaranteed income impact income volatility?
2) How do changes in income volatility impact psychological health and physical well-being?
3) How does guaranteed income generate agency over one's future?

The research approach included three strands. The first strand involved parallel quantitative and qualitative methods. Baseline quantitative data were collected three months before the random assignment to groups and at three intervals post-randomization. Quantitative data was also gathered from brief monthly SMS surveys measuring income and mental health changes. A sample of 50

participants were selected to participate in one-on-one semi-structured qualitative interviews to analyze how individuals decided to use the $500. The second strand followed a sequential path of integrating quantitative and qualitative data. It aimed to understand the strategies, processes, and sense of agency over one's future the participants experienced during the intervention. The final strand consists of an additional set of interviews added in the second year of the experiment.

With respect to the three research questions, income volatility data were measured quantitatively through monthly self-reporting via SMS. The health indicators of psychological health and physical well-being were measured quantitatively using the longitudinal surveys occurring every six months and qualitatively through in-depth interviews. Finally, data on financial well-being were also collected in the six-month quantitative surveys.

PROGRAM OUTCOMES

The outcomes that follow are from the first year of the SEED project. Some of the research activities, like the strand three interviews, are still ongoing. The publication of a final report with the second-year results is imminent.

How was the cash payment spent?

Every month, aggregate spending data were gathered from the Focus Cards to determine how recipients spent the $500. Food was always the largest spending category, followed by sales/merchandise which likely also included food purchases at wholesale and larger stores like Costco, Walmart, and Target. Participants also often spent their cash on utilities, auto care, and transportation. Tobacco and alcohol comprised less than 1% of purchases. Table 3 tracks how participants spent their extra income according to spending category.

Transfer Patterns

In the first year of SEED, about 40% of the money on the prepaid debit cards was transferred to a bank account or was withdrawn as cash. Transferring the $500 to a bank account allowed all of a recipient's income to be managed from one place. Recipients who withdrew the money in cash used it to pay rent, shared bills with family members, and other bills not accepting electronic payments. Additionally, some recipients quickly exchanged their $500 into cash due to distrust in financial institutions or in the program.

Table 3: How did SEED participants spend their $500 each month?

Category	Feb 19	Mar 19	Apr 19	May 19	Jun 19	Jul 19	Aug 19
Food	36.11%	34.11%	33.65%	39.53%	35.54%	34.18%	38.82%
Sales/Merchandise	24.20%	24.56%	24.09%	21.23%	21.27%	21.14%	18.08%
Utilities	11.78%	10.50%	10.42%	11.76%	7.80%	9.12%	9.48%
Auto Care	9.25%	9.05%	10.19%	9.39%	10.54%	11.23%	11.64%
Services	6.70%	8.37%	8.64%	7.54%	9.12%	6.43%	7.51%
Transportation	3.02%	1.89%	2.48%	2.40%	4.38%	2.54%	2.62%
Insurance	0.55%	4.42%	3.97%	2.14%	2.72%	2.66%	3.42%
Medical	2.23%	4.72%	3.19%	3.50%	3.81%	2.28%	3.38%
Self Care/ Recreation	3.97%	0.81%	2.57%	1.61%	3.46%	3.11%	2.97%
Education	1.95%	0.47%	0.38%	0.66%	1.12%	0.58%	1.63%
Donation	0.25%	1.11%	0.41%	0.25%	0.24%	0.74%	0.46%
Monthly Avg	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Category	Sep 19	Oct 19	Nov 19	Dec 19	Jan 20	Feb 20	Monthly Avg
Food	39.37%	35.26%	37.74%	33.75%	35.05%	41.76%	36.92%
Sales/Merchandise	22.55%	17.35%	21.46%	25.08%	21.31%	21.71%	22.70%
Utilities	11.23%	14.02%	10.26%	6.07%	12.43%	8.74%	11.34%
Auto Care	10.77%	8.61%	9.18%	8.60%	7.03%	8.70%	8.77%
Services	5.30%	8.60%	7.39%	4.41%	9.08%	4.98%	6.90%
Transportation	0.34%	4.53%	3.79%	10.85%	4.88%	3.99%	3.45%
Insurance	2.90%	5.08%	5.12%	3.64%	3.09%	2.11%	3.28%
Medical	3.29%	3.00%	2.27%	3.68%	2.38%	4.63%	3.06%
Self Care/ Recreation	3.18%	2.02%	2.24%	2.91%	2.23%	1.79%	2.09%
Education	0.59%	0.51%	0.41%	0.37%	1.73%	0.50%	0.83%
Donation	0.47%	1.01%	0.15%	0.63%	0.79%	0.09%	0.65%
Monthly Avg	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Pooling Behaviors, Time Scarcity, and Prioritizing Self

The extra income from the program alleviated financial strain across income pooling networks. Not visible in the aggregate spending data, the narrative data shows patterns of families stretching their food budgets to cover other vital expenses prior to SEED. These households would often shift the quality of their food or borrow from family and friends who might also be facing financial constraints. Participants described finally being able to afford enough food to fully cover their household for the entire month.

Narrative data also revealed how more freedom from financial scarcity reduced time scarcity within households. Worrying less over finances led to changes in how participants spent their time and

functioned in relationships. Participants described engaging in more meaningful activities that boosted dignity and quality of life. These activities included taking care of their households, engaging in personal recreational activities, and socializing with others. Parents expressed they were able to engage their children in common activities that they otherwise might not be able to, like sitting down with them to do homework or going to the movies together. Women stated that because they had more time, they could prioritize self-care for their own well-being instead of engaging in self-care so they can perform more care work.

Income Volatility and Financial Well-being

Guaranteed income reduced income volatility among participants. The treatment group's income fluctuated by 46.4% monthly while the control group income's fluctuated by 67.5% each month, almost 1.5 times more income volatility. Households receiving GI were more likely to afford paying a $400 unexpected expense in full. At the beginning of the program, 25% of both the control group and the treatment group said they could pay a $400 unexpected expense. One year into the program, 52% of the treatment group said they could pay the unexpected expense with cash or a cash equivalent, while only 28% of the control group could afford to do so.

Psychological Health and Physical Well-being

SEED recipients experienced less depression and anxiety, and greater well-being. Scores on the Kessler 10, which measures psychological distress, range from 10 to 50, with higher scores indicating greater psychological distress. The treatment group exhibited less anxiety and depressive symptoms than the control group after one year in the program. The baseline scores for the control group ($\bar{x}$ =20.72, SD=8.97) and the treatment group ($\bar{x}$ =21.28, SD=9.03) were not significantly different (p=.58). At the fourth observation, the mean scores for the control group ($\bar{x}$ =21.15, SD= 10.55) and treatment group ($\bar{x}$=18.43, SD=8.66) indicated a nearly significant difference (p=.056). The effect size, or the size of the difference between the group means, was -.282, a relatively small effect.

Comparing each group to themselves at the first and fourth observations, there was no significant change in scores for the control group (p=.322), while the treatment group showed significant improvement in scores (p=.008). Again, the effect size was small, at .29. Overall, given that Kessler scores below 20 indicate a person is likely to be well, and scores between 20-24 indicate a mild mental health disorder, the treatment group experienced improvements in their mental health.

The Short Form Health Survey 36, which measures health and well-being, includes 8 subscales for general health, physical functioning, social functioning, energy and fatigue, emotional well-being, pain, role limitations due to physical health, and role limitations due to emotional problems. The scores range from 0 to 100, with higher scores representing better health. At the start of the program, there was no significant difference in the treatment and control groups' scores on any of the 8

subscales. After one year of receiving GI, when compared to the control group, the treatment group showed statistically significant differences in emotional well-being (p=.022), energy levels (p=.023), pain (p=.047), and in overall emotional health (p=.012). Effect sizes were .332 for emotional wellbeing, .335 for energy over fatigue, .283 for pain, and .370 for overall emotional health.

Agency and Freedom

To measure how receiving guaranteed income could generate agency over one's future, evaluators looked at changes in employment, risk-taking, and freedom from forced vulnerability brought about by necessity and lack of choice. Rates of full-time employment in the treatment group increased from 28% to 40% by the end of the first year. The control group saw a smaller increase, 32% to 37%. While these results cannot be generalized to larger trends, they provide insight into how recipients leveraged the monthly $500 to improve their employment prospects. Narrative analysis indicates changes in employment patterns were linked to the removal of material barriers to full-time employment and the removal of time and capacity constraints due to scarcity.

Financial scarcity also placed limits on individuals' capacity for risk-taking and goal-setting. Recipients reported increased bandwidth in these areas. For some women, the burden of unpaid care work constrained risk-taking as care needs were unmet by the market and safety net. When scarcity was reduced, recipients indicated seeing pathways out of forced vulnerability in favor of chosen vulnerability built on trust. Although limited, these findings indicate the potential for guaranteed income to increase agency and self-determination.

Impact On Other Public Benefits

SEED was committed to the belief that unconditional cash should supplement the existing social safety net, not replace it. Where possible, waivers to exempt the $500 cash payment from being included in income eligibility considerations of public assistance programs were pursued. For example, by working closely with the San Joaquin County Human Services Agency, a waiver for CalWorks, California's Temporary Assistance for Needy Families (TANF) program, was secured. The waiver exempted SEED payments from consideration as income for all CalWorks services.

There were limits on which benefits could be preserved through the waiver process. To inform participants of the impacts to other benefits and to ensure no harm, individualized benefits counseling was provided prior to their official enrollment in the program. SEED also established a fund to reimburse participants for any unanticipated benefits losses.

Magnolia Mother's Trust — Jackson, MS

OVERVIEW

A one-of-a-kind program, the Magnolia Mother's Trust (MMT) is the only national guaranteed income initiative that specifically targets Black women. [All details on the initiative are from the *Magnolia Mother's Trust 2020 Evaluation Report* and *The Invaluable Benefits of Investing in Black Women* by Springboard to Opportunities (2021a, 2021b)]. The non-profit organization Springboard to Opportunities began the program in 2018 providing 20 Black mothers living in federal subsidized housing in Jackson, Mississippi, with $1000 per month for 12 months. The second cohort grew to include 110 Black mothers and ran from March 2020 to February 2021. The project is ongoing; a third cohort of 100 mothers began receiving cash payments in April 2021.

Springboard serves 5,000 individuals annually in 11 low-income affordable housing communities in Alabama, Maryland, and Mississippi, 98% of whom are single Black women and their children. The women selected to participate in the MMT initiative reside in the housing communities Springboard works with in Jackson, MS. Eligible women from these housing communities were invited to enter a lottery from which the participants were then randomly selected. Because of the exigent income eligibility criteria of federal housing assistance, the average annual income of MMT participants was $11,030.

The vision for Magnolia Mother's Trust grew from Springboard's conversations with the families it serves. As expected, Springboard found that low-income families across the U.S. need more cash. Low-wage jobs provide insufficient income to support a family and the system for obtaining additional benefits is time-consuming, stressful, and dehumanizing. MMT sought to financially empower Black women, a group that is disproportionately impacted by poverty and inequality, while changing the narrative around work ethic stereotypes and the paternalistic nature of the existing safety net. MMT is funded by the Economic Security Project. The evaluation of the program was funded by the W.K. Kellogg Foundation.

Pictured- Participants from the Magnolia Mother's Trust initiative and their children.

PROGRAM OUTCOMES

The evaluation of the program focused on guaranteed income's effect on financial stability, health, education, and family outcomes. In the initial cohort of 20 women, only 37% reported being able to consistently pay their bills on time prior to MMT. During the program, this percentage increased to 80%, a 43% increase. Over the course of the year, they collectively paid off over $10,000 of debt. Seventy-five percent of participants reported being able to prepare three meals a day at home for their families, up from 32% at the start of the program. The percentage of participants with a completed high school education also increased, from 63% to 85%. [It is unclear whether Springboard provided additional services to GI recipients during the program.]

The 110 women in the second cohort experienced similar positive results. Because of the $1,000 cash payments, the percentage of participants who were able to pay all their bills on time without needing to rely on additional assistance from family, friends, and emergency lending institutions, increased from 27% to 83%, a 56% increase. The women described borrowing heavily within networks and from financial institutions to deal with financial scarcity, saying that the extra income improved their peace of mind about being able to pay their bills. The ability of participants to have enough money for food increased from 64% to 88%. Mothers reported budgeting up to $150 more for food per month.

Magnolia Mother's Trust boosted health insurance coverage among participants by 25%. The number of women who indicated they could easily consult a doctor when sick rose from 40% to 70%. These results are significant given that Mississippi is a state where Medicaid expansion remains unavailable. Additionally, limited public transportation options in Jackson, MS, make transportation needs crucial; 82% of participants reported always having gas in the car when they needed it, up from 55% when the program began. Thirteen percent more women owned vehicles and car insurance coverage rates rose from 50% to 86%. Guaranteed income allowed participants to plan for their families' long-term care. Eighty-eight percent of participants reported having money saved for emergencies, up from 40% prior to receiving GI. They described paying off more debt and setting goals for the future. Additionally, the number of mothers with life insurance coverage increased from 50% to 87%.

Impact On Other Public Benefits

On average, the extra income reduced participants' public benefits by $300-400 each month (Black, 2020). Most impacted were housing assistance and Supplemental Nutrition Assistance Program (SNAP) benefits. Individuals in federal housing programs typically pay 30 percent of their income as rent. If an individual's income doubles so does their rent. Overall, MMT participants had a $600-700 monthly boost to their income, a net gain. However, prior to the start of the program, some eligible women expressed concern over what would happen to their public assistance if they were chosen. Some chose not to participate in the lottery altogether.

Ontario Basic Income Pilot — Ontario, Canada

OVERVIEW

The Government of Ontario launched the Ontario Basic Income Pilot (OBIP) in 2017. The project was to provide guaranteed income for three years to over 4,000 people from three test sites, Hamilton-Brantford-Brant, Thunder Bay, and Lindsay ("Ontario Basic Income Pilot", 2019). To be eligible, participants had to be 18 to 64 years old, live in one of the three pilot locations, and have an income below $34,000 per year if single or below $48,000 per year if a couple. The size of the cash payments to recipients varied based on income.

The 4,000 GI recipients were randomly selected from the eligible residents in the three locations. Over 2,000 people were randomly selected into the comparison group. The pilot aimed to test whether basic income would "reduce poverty more effectively, encourage work, reduce stigmatization, and produce better health outcomes and better life chances for recipients" (Segal, 2016). A single person could receive up to $16,989 per year, minus 50% of any income earned through work. A couple could receive up to $24,027 per year, minus 50% of any income earned through work. For example, a single person earning $10,000 per year would receive a basic income payment of $5,000 less, or $11,989 per year. In the summer of 2018, the newly elected provincial government announced OBIP would be cancelled. Evaluation activities stopped immediately in July 2018 but payments to recipients continued until March 2019.

Pictured- Basic income recipients rally in Lindsay, Ontario.

PROGRAM OUTCOMES

The original design of the pilot sought to test how guaranteed income might help low-income individuals better meet their basic needs, while improving outcomes in food security, stress and anxiety, mental health, health and healthcare usage, housing stability, education and training, and employment and labor market participation. Baseline data gathered by OBIP on the program participants are available. To partially compensate for the loss of the valuable opportunity to gather evidence on the effects of basic income, organizations have completed their own evaluations to gain insight into the results of the Ontario Basic Income Project.

Results From the Basic Income Canada Network

The Basic Income Canada Network [BICN] (2019) conducted a survey of 424 OBIP recipients, approximately 9.4% of the 4,500 pilot participants. The survey was conducted from December 2018 to mid-January 2019. Given that OBIP participants elected whether to reply to the survey, similar characteristics between the survey group respondents and the larger OBIP participant group are important. Table 4 shows demographic data of these two groups.

Table 4: Demographic Data of OBIP Participants and BICN Survey Respondents

	OBIP Participants at Baseline	BICN Survey Respondents
Size	n = ~4,500	n = 424
Average participant age	38.1 years	Consistent with baseline
Male/Female/Other	Male- 46.6% Female- 52.5% Other (including transgender/ non-binary)- 0.9%	Male- 31% Female- 68.2% Other (including transgender/ non-binary)- 2.4%
Single/Married	Single (including widowed, divorced, separated)- 86.2% Married- 13.8%	Consistent with baseline
Were receiving ODSP benefits	27.6% of participants	38.7%, however this percentage includes people on ODSP and those with a disability
Indigenous	11.2% of participants	3.3% of survey respondents
Children Under 18	27.2% of participants	29.9% of survey respondents
Education Level	High school diploma- 31.9% Did not graduate HS- 26.9%	High school diploma- 40.7% Did not graduate HS- 12.9%

Table 4 Continued: Demographic Data of OBIP Participants and BICN Survey Respondents

	OBIP Participants at Baseline	BICN Survey Respondents
Location	Lindsay region- 42% Hamilton region- not available Thunder Bay region- not available	Lindsay region- 51.9% Hamilton region- 32% Thunder Bay region- 16.1%
Employment Rates	Employment in the past 4 weeks- 35% of participants were employed and of these people, 44.7% worked full time.	Employment in the past year- 44.5% of survey respondents were employed and of these people, 29.3% worked full-time.

The BICN survey results indicate guaranteed income led to positive changes in financial security, food security, physical and mental health, social connection, transportation needs, education outcomes, and future planning.

Baseline data of OBIP participants showed that participants were spending 55% of their income on housing, on average, prior to starting the program. About 44% reported falling behind in meeting their financial obligations and other financial problems. Over 50% were behind on bills for two or more consecutive months in the previous year, and 43% said they would be unable to pay an $500 unexpected expense. Many used emergency lending services to make ends meet. Eighty-three percent of BICN respondents said receiving guaranteed income payments made it easier to pay bills, 64% were less worried about unexpected expenses, 46% were able to pay off debt, and 50% were able to save money. Many used the additional income to meet their transportation needs to meet their work obligations or improve their prospects. Participants reported buying bus tickets to get to their job or a job interview, or fixing their car or filling the gas tank to get to work. Overall, 75% reported worrying less about gas money or transportation costs.

BICN findings demonstrated food security improved among participants; 74% were able to make healthier food choices and 55% were able to purchase food they usually could not afford. Prior to OBIP, 48% of participants were severely food insecure. Health outcomes also improved. Survey respondents experienced less anxiety, had fewer health problems, were better able to afford medication, and had dental care work done that they had put off. Greater income meant more time to be socially involved with family, friends, and the community. Over 25% of recipients in the survey reported volunteering within community, compared to 11% of overall participants before to OBIP.

Guaranteed income helped individuals plan for the future. Among the survey recipients, one-third decided to enroll in school or upgrade their skills. About 11% started or expanded a business, 58.5% improved their housing situation, 40% joined a gym or started fitness goals, and 19% enrolled their children in a sport, club, or other extracurricular activity.

Results From the Hamilton Community Foundation

The Hamilton Community Foundation conducted its own survey of OBIP recipients from January to August 2019. They received 217 responses, all from Hamilton and Brantford. The other two pilot locations are not represented in this evaluation. The Hamilton-Brantford-Brant location included approximately 1,000 of the over 4,000 total participants.

Key findings include improvements in financial status, food security, housing stability, physical and mental health, social relationships, and labor market participation (Ferdosi, McDowell, Lewchuk, & Ross, 2020). For many of the recipients in the survey, basic income increased their living standards, raised their sense of self-worth and made them hopeful for a better future. In alignment with one of OBIP's original research questions, this survey looked at healthcare usage and found respondents visited health practitioners and hospital emergency rooms less frequently due to fewer health problems. Additionally, the Hamilton Community Foundation found that the majority of recipients employed before the pilot remained working while receiving basic income. Some improved their employment prospects by obtaining higher paying and more secure jobs.

Impact On Other Public Benefits

To participate in the pilot, basic income recipients were required to withdraw from Ontario Works, a public assistance program providing cash to people in temporary financial need, and from the Ontario Disability Support Program (ODSP). Participants who withdrew from Ontario Works continued receiving the Ontario Drug benefit and participants who had been receiving ODSP benefits continued receiving the Ontario Drug and Dental benefits. Participants receiving Employment Insurance or Canada Pension Plan payments had their monthly basic income payment reduced by an equivalent amount. Participants remained eligible to receive child benefits, like the Canada Child Benefit and the Ontario Child Benefit.

Successes and Challenges

SUCCESSES

- Guaranteed income recipients across the three pilot programs I examined experienced improvements in financial stability, food security, transportation, time scarcity, social functioning, mental well-being, and agency and self-determination. Positive changes also occurred in education and employment outcomes; some participants decided to return to school or upgrade their skills, and rates of employment increased. These results dismantle the belief that low-income individuals would misuse direct cash payments if given without strings attached.

- The programs took steps to mitigate reductions in participants' other public benefits as a result of having extra income from guaranteed income. They pursued waivers to exempt the cash payments from income eligibility calculations for other public assistance programs with limited but some success. To enable potential participants to make informed decisions, they provided individualized benefits counseling during the onboarding process to explain the impacts of GI on each individual participant's current public benefits. SEED even established a fund to reimburse participants for any unanticipated benefits losses. Although participants experienced reductions in public benefits, guarantee income provided a net gain to their monthly incomes. [The National League of Cities suggests benefit counselors also be available during and after the program (Bidadanure, Kline, Moore, Thomas, & Rainwater, 2018). Moreover, at the end of the pilot, recipients may need transition support services.]

- Many decisions in Stockton's Economic Empowerment Demonstration and the Magnolia Mother's Trust initiative were made with community feedback or with community needs in mind, which helped to provide the best benefit to participants, enhance accessibility, and establish buy-in and trust. Magnolia Mother's Trust follows a "radically resident-driven approach" which emphasizes the need for the communities being served to be included in every aspect of program development, implementation, and evaluation (Black, 2020).

- The programs were promoted extensively to generate interest in and inform the community about aspects of the program. For example, extensive promotion of SEED increased response rate to the mailer that eligible households received. Some recipients stated they initially discarded the mailer, only retrieving it when they heard about SEED elsewhere. In the case of Magnolia Mother's Trust, some eligible women chose not to be placed in the lottery for selection into the program due to fear of losing public benefits and the time-consuming nature of applying to a new program. More information in the promotion of MMT might have been useful to mitigate those concerns.

CHALLENGES

- Trust played a significant role in the way individuals initially responded to the program and how recipients interacted with the program. Originally, many worried the program was a scam. During the program, some recipients struggled with feelings of disbelief even though they were receiving the cash payments, while others feared the payments might stop prematurely. This is in fact what happened in the Ontario Basic Income Pilot.

- The Ontario Basic Income Pilot was cancelled after a change in political parties, bringing an earlier than intended end to the program and causing disruption and stress in participants' lives. Given that the program was intended to last 3 years (a longer length of time compared to other recent GI pilots) but only lasted 14 months, the full impacts of guaranteed income on the participants' lives was never realized and consequently valuable information on the effects of basic income was lost.

- Although the idea of guaranteed income is not new, GI programs are still relatively new in the U.S. and several knowledge gaps exist.
  - Data on long-term outcomes are unavailable. What happens to participants after the pilot programs end? Do the benefits of guaranteed income persist?
  - The decentralized model of the existing safety net makes it difficult to know how guaranteed income will impact different public benefits based on location.
  - There is a need for more rigorously designed multi-site experiments to be conducted. Additionally, implementation data on how guaranteed income programs can shift across regions and demographics is lacking.

Recommendations

KEY PROGRAMMATIC FEATURES TO CONSIDER

In looking at how past pilot programs were structured, I identified key features which I recommend the Council consider if building a guaranteed income pilot in Montgomery County, and these are to:

- Extensively promote the pilot to generate interest and inform would-be eligible participants of program details.
- Design program aspects with community needs in mind to enhance benefits to participants and build trust. Where possible, seek direct community feedback and incorporate the feedback into the program design.
- Take steps to mitigate benefit-cliffs (which occur when an increase in income, such as from guaranteed income, results in a reduction or loss in public benefits). This can be done by pursuing waivers to exempt the cash payments from being considered in income eligibility criteria of public assistance programs. Provide individualized benefits counseling during the onboarding process to explain the impacts of guaranteed income on each individual participant's current public benefits to enable them to make informed decisions. A reimbursement fund can be established to compensate for any unanticipated benefits losses.
- Collect data-based and anecdotal evidence, as both are crucial to fully understanding the effects of guaranteed income on participants' lives. Currently, there is a need for more rigorously designed guaranteed income experiments to be conducted (which is something to keep in mind when choosing an evaluation partner). Consider designing the pilot as a randomized control trial. Plan to collect long-term participant outcomes, as those are currently missing from the research.

OPTIONS FOR TARGET POPULATIONS

To be effective and meet the needs of a community, a guaranteed income pilot's target population should be chosen carefully and with a specific intention. Most often, low-income residents are chosen as the focus group. Alternatively, specific vulnerable groups like transitioning foster youth, formerly incarcerated individuals, and individuals experiencing homelessness, can also be chosen. Given the positive effects of guaranteed income in many areas of participants' lives including financial and personal benefits, there are merits to choosing each of these groups as recipients of guaranteed income. Because economic insecurity remains such a prevalent issue, particularly in light of the pandemic, I decided to focus on a guaranteed income pilot in Montgomery County that would uplift low-income households. I identified two options as potential target populations.

Option #1: Randomly select a group of residents from households at or below 50% of the county's median household income. The focus of this target group is to measure the impact of guaranteed income on the county's more economically disadvantaged households. I chose 50% of the county's

median income as the benchmark after Stockton's Economic Empowerment Demonstration and Oakland's Resilient Families' Pilot Program which use area median income (AMI) in the selection of their participants. As opposed to using a percentage of the federal poverty line, using the county's median household income makes the income criteria more targeted to Montgomery County residents' needs.

Option #2: Randomly select individuals from a cohort of an existing program aimed at helping low-income individuals become self-sufficient. For example, this could be a group of participants from the Public Assistance to Entrepreneurship program or in a job training component of Temporary Cash Assistance. The focus of this target group is to support these individuals as they exit these programs with new skills and training by providing them with the resources they need to succeed in improving their financial circumstances over the long term—through a direct cash payment. Given the short-term nature of a pilot program, this target group maximizes the potential of guaranteed income as a vehicle for change by focusing on a population that needs a little more help to succeed. If receiving guaranteed income is shown to be effective in uplifting these individuals to self-sufficiency, the results would have powerful implications for guaranteed income programs.

Concluding Remarks

A movement in support of providing an income floor to Americans through a guaranteed income is growing. Throughout the country, more local jurisdictions are starting their own pilots. Institutional supports for income guarantee programs are also increasing. In 2020, Mayors for a Guaranteed Income (MGI) was founded. A network of mayors advocating for guaranteed income, MGI provides infrastructure, research resources, technical assistance, and funding for cities and towns interested in pursuing their own pilots.

Viewed as a tool to alleviate economic insecurity and rising income and wealth inequality, recent efforts—like the Stockton Economic Empowerment Demonstration and others—are confirming the positive benefits that receiving guaranteed income has in the lives of participants and their families. Guaranteed income provides households with the flexibility to use the cash payments to meet their changing needs, resulting in an array of positive benefits including in financial, health, personal, and education and employment related outcomes. Greater financial security for more families is beneficial to all of society as more cash in people's pockets stimulates the economy and financially secure individuals are better able to fully participate in all aspects of life of the society in which they live. Cash is effective and immediate, but other meaningful changes to our economy are needed to reduce economic insecurity and provide greater opportunities for all—cash is just one part of the solution.

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