

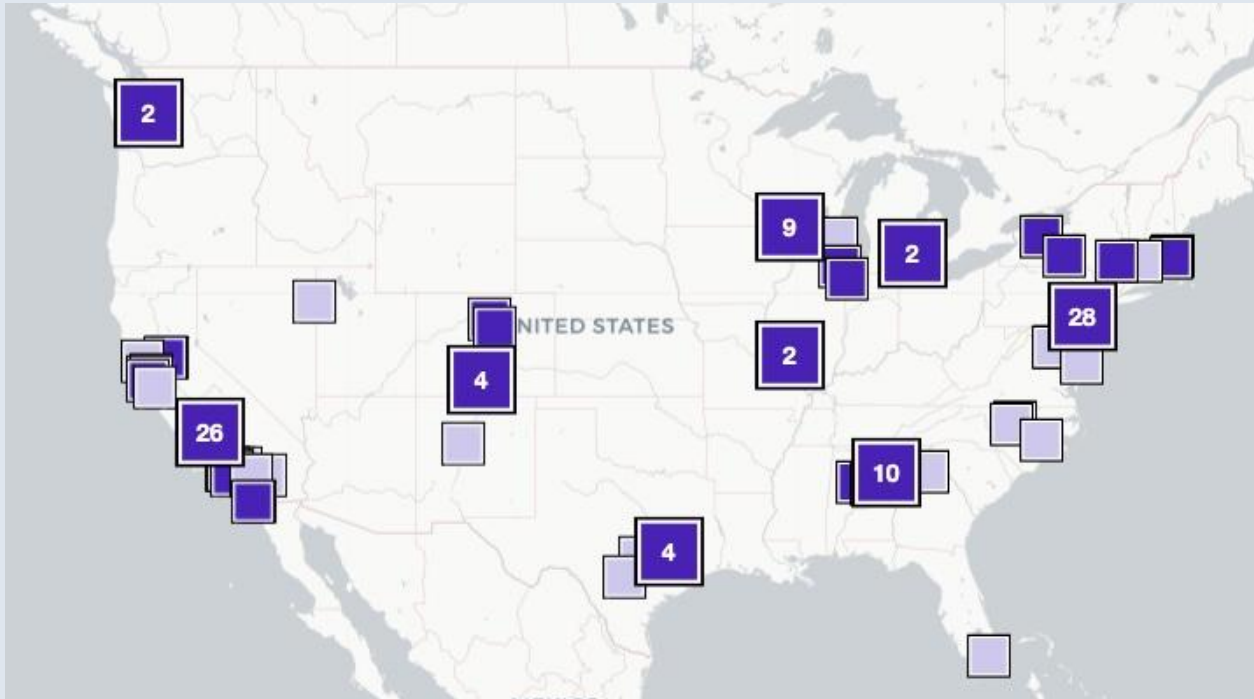
Guaranteed Basic Income

*Lessons and case studies from implementation
across the US and a recommendation for St. Louis*



A growing movement...

Mayors across the US, in both red and blue states, are piloting and considering Guaranteed Income as a proven method to support and empower their residents



Light purple marks mayors who are part of the Mayors for Guaranteed Income coalition.

Dark purple marks active guaranteed income pilots.

Source: Mayors for a Guaranteed Income

Cash assistance is allowed under ARPA

- ARPA funds can be used for 4 key objectives:
 - *Responding to the economic and public health impacts of COVID by providing “**assistance to households**, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality”*
 - *Providing premium pay for essential workers*
 - *Replacing lost public sector revenue*
 - *Investing in water, sewer and broadband infrastructure;*
- Treasury’s Final Rule for ARPA funds states that cash assistance is an allowable use for funds:

*“Assistance to households and individuals, including: (1) Assistance for food; emergency housing needs; burials, home repairs, or weatherization; internet access or digital literacy; **cash assistance**; and assistance accessing public benefits.”*

Other cities are using ARPA funds for GBI

- **Chicago, IL:** \$30 million for a 1 year pilot for 5,000 families
- **Minneapolis, MN:** \$3 million for a 2 year pilot for 200 families
- **Phoenix, AZ -** \$12 million for a 1 year pilot for 1,000 families
- **Providence, RI:** \$500k for a 6 month extension to an existing 1 year GBI pilot for 200 families
- **Gary, IN:** \$500k for 6 month extension to an existing pilot for 121 residents
- **Baltimore, MD:** \$4.8 million for a 2 year pilot for 200 families

**But other cities and states had implemented
GBI programs before ARPA.**

Here are some lessons they've learned:

Lesson 1:
**“All Guaranteed Income Work
is Narrative Work”**

“Any program involving direct, unconditional cash will inherently be influenced by – and will influence – the narratives we hold about the social safety net, poverty, race and gender. Every pilot [...] contributes to narratives around economic security through the sheer fact of distributing cash with no strings attached, often to a targeted population.”

Source: [Mayors for Guaranteed Income and Insight Center](#)

- To address false narratives about GBI as handouts, Mayors for Guaranteed Income and Insight Center recommend:
 - **Centering the conversation around issues of racial and gender justice** and position basic income as a way to recognize everyone's inherent dignity
 - **Present facts that counter false narratives** about who receives funds and what these funds allow recipients to achieve
 - **Show anecdotes and stories from recipients** along with data to get to the heart that the data alone won't get to.

For St. Louis GBI pilot, we can address these narratives through a few methods:

- Show **data from other GBI pilots** and their impact on the community
- Highlight **data from St. Louis Cash Assistance** program in 2021
- Highlight **anecdotes and stories** from cash assistance recipients

Case Study: Alaska Permanent Fund (1982- Present)

All Alaska residents are entitled to a yearly cash dividend from the Permanent Fund. A study has shown that the cash transfer:

- **Has no effect on aggregate employment**
 - May **increase labor demand in some sectors** due to increased consumer demand
- **Increased part-time work by 1.8% points**, especially part-time work by women



Source: [*Jones and Marinescu \(2018\)*](#)

Case Study: Stockton Economic Empowerment Demonstration (2019)

SEED recipients leveraged the **guaranteed income** to find new **full-time employment**.

Once basic needs were covered, recipients had the **emotional and financial capacity** to take a risk and find a new job.

In February 2019, 28% of recipients had a full-time job

One year later, 40% did.
That represents a 42% increase.

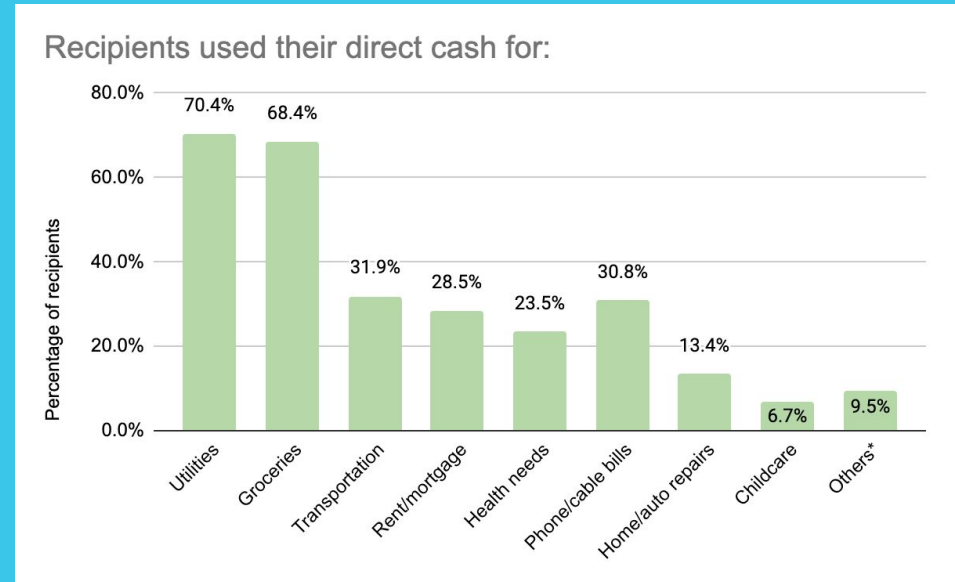


Source: [SEED](#)

Case Study: St. Louis Cash Assistance (2021)

A survey of cash assistance recipients by MOJwJ shows that the cash assistance:

- Prevented recipients from dipping into worse financial situations
- Reduced stress and anxiety tied to finances
- Made recipients feel supported, increased trust in the City government



Source: Missouri Jobs with Justice (upcoming)

Case Study: St. Louis Cash Assistance (2021)

Cash assistance recipients said:

- “Being able to pay your bills, able to eat, get gas, **the basic essentials without having to make a decision of which you're going to go without.** It's a big help with just that.”
- “Instead of worrying about having to get money for this bill before I get cut off. **I was able to concentrate on finding a job and I did and I got one.**”
- “This program is **opening the door to financial stability**, the resources provided certainly give hope”

Lesson 2: Designing a GBI program

**47% of Americans could not manage an
unforeseen expense of \$500 without worry**

Let's take a look at how other cities have designed their GBI programs:

Small-scale GBI programs

City	Cash amount	Duration	Participants	Target population
Atlanta, GA (I.M.P.A.C.T.)	\$500/month	12 months	300 residents	At or below 200% federal poverty level
Minneapolis, MN	\$500/month	24 months	200 households	At or below 50% AMI
Gary, IN	\$500/month	12 months	121 resident	Income below \$35k
New Orleans, LA	\$350/month	10 months	125 residents	Youth between 16 and 24 who are not in school or working
Providence, RI	\$500/month	18 months	110 participants	At or below 200% federal poverty level
Birmingham, AL	\$375/month	12 months	110 participants	Female heads of household with at least one kid under 18

Large-scale GBI programs

City	Cash amount	Duration	Participants	Target population
Chicago, IL	\$500/month	12 months	5,000 families	At or below 300% of federal poverty level
Cook County, IL	\$500/month	24 months	3,250 families	At or below 250% of federal poverty level
Los Angeles, CA	\$1,000/month	12 months	3,200 participants	Parents at or below federal poverty line
Chelsea, MA	\$200-400/month	6 months	2,000 households	Recruited at food pantries, chosen by lottery
Phoenix, AZ	\$1,000/month	12 months	1,000 families	At or below 80% AMI
San Antonio, TX	\$1,900 once + \$400/quarter	24 months	1,000 families	

Source: [Mashable](#)

- **\$500 dollars/month** is an amount that a lot of programs around the country have rallied around.
- \$500/month is **substantial to target populations** for these programs, consistent with research showing that half of Americans wouldn't be able to manage an unforeseen expense of that size
- However, compared with larger amounts \$500/month would also **reduce the impact to recipients' other social benefits**

Lesson 3:
Avoiding the benefit cliff

- **Federal benefits that could be affected by GBI disbursements:**
 - Child Tax Credit & Earned Income Tax Credit
 - Medicare, Medicaid, Affordable Care Act Subsidies, and Children's Health Insurance Program
 - Social Security Disability Insurance and Supplemental Security Income
 - SNAP and WIC
 - Public Housing and Housing Choice Vouchers

For further details on how each of these benefits may be affected depending on GBI program consult [Guaranteed Income Community of Practice](#) and [Shriver Center on Poverty Law and Economic Security Project](#)

A new GBI program could affect:

Benefit	If it is a lump sum payment	If it is a recurring payment:	Note
SNAP	Maybe	Yes	For states seeking to establish a new program with public funds, recurring payments will likely jeopardize SNAP eligibility. Some privately-funded demonstrations have been able to exclude payments from being included in SNAP income determinations, but the same provisions that relay this flexibility cannot be used for publicly funded programs.

Source: [Shriver Center on Poverty Law and Economic Security Project](#)

A new GBI program could affect:

Benefit	If it is a lump sum payment	If it is a recurring payment	Note
Medicaid MAGI	No	No	The IRS does not count as income “governmental benefit payments from a public welfare fund based upon need”. Publicly funded guaranteed income paid as part of a new program that is targeted to individuals based on income would likely be exempt. If payment is universal made universally likely would not be exempt and may require waivers.
Medicaid non-MAGI	No	No	While Non-MAGI cases have posed challenges for privately funded demonstrations, 126 assistance based on need which is wholly funded by a State or one of its political subdivisions, does not count as unearned income and would not be considered in determining eligibility for non-MAGI Medicaid.

Source: [Shriver Center on Poverty Law and Economic Security Project](#)

A new GBI program could affect:

Benefit	If it is a lump sum payment	If it is a recurring payment	Note
Housing Benefits (Housing Choice vouchers, Project Based Rental Assistance, Public Housing)	Maybe	Maybe	<ul style="list-style-type: none">Income determinations not only affect income eligibility for program entrance but may affect the amount of a recipient's subsidy and, by extension, the amount of rent they pay.For housing benefits, the frequency or "reliability" of income are relevant factors. Recurring payments from guaranteed income programs would likely impact eligibility, and even payments received via an annual lump sum could be counted if the payments are "expected" or "reliable" in the following year.Local Public Housing Authorities may establish deductions for pilots, as they have in San Francisco, CA and Providence, RI

Source: [*Shriver Center on Poverty Law and Economic Security Project*](#)

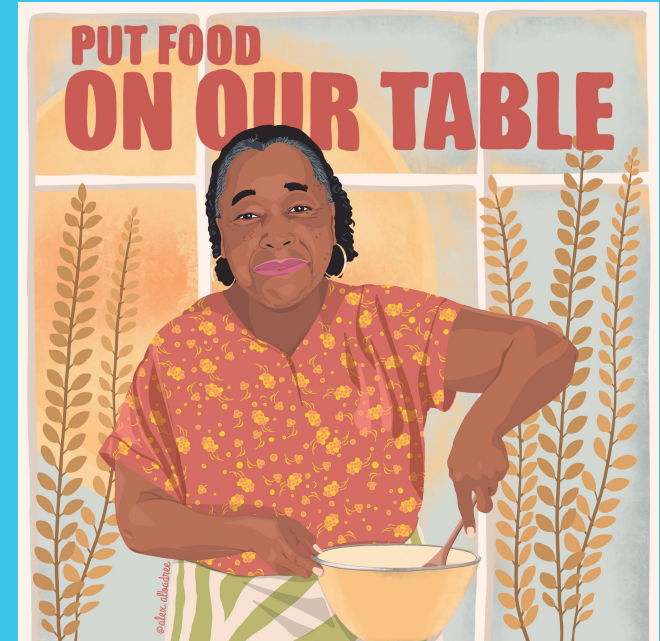
- **What GBI implementers can do:**
 - **Benefits counseling** during enrollment into GBI pilots
 - **Hold Harmless funds** to support recipients if they lose benefits
 - **Benefit re-enrollment counseling** before the end of the pilot

- **What the State can do:**
 - Pursue **legislative and administrative action** to protect benefits for guaranteed income recipients

Case Study: Stockton Economic Empowerment Demonstration (2019-2021)

To ensure that participant benefits were preserved the SEED team:

- **Secured a waiver from state benefit providers** to exempt SEED disbursements from being considered income when calculating benefits
- **Provided individual benefit counseling** to participants to understand how SEED money would impact their other benefits
- **Created a Hold Harmless Fund** to reimburse recipients for any unanticipated benefits losses



Source: [SEED](#)

Case Study: Illinois Public Aid Code Amendment (2019)

The Code was amended to ensure that:

- “the Illinois Department and local governmental units shall **exclude from consideration, for a period of no more than 60 months, any financial assistance, including wages, cash transfers, or gifts**, that is provided to a person who is enrolled in a **program or research project** that is not funded with general revenue funds and that is intended to investigate the impacts of policies or programs designed to reduce poverty, promote social mobility, or increase financial stability for Illinois residents”
- It requests “an **explicit plan to collect data and evaluate the program** or initiative [...] and if a research team has been identified to oversee the evaluation.”

Source: [Illinois General Assembly](#)

**Our recommendation for a GBI
program in St. Louis**

We recommend the following design for the City of St. Louis GBI pilot:

- **Total budget:** \$ 5 million dollars
 - \$4.5 million for disbursement
 - \$500k for operation + Hold Harmless Fund
- **Duration:** 18 months
- **Amount:** \$500 dollars/ month
- **Recipients:**
 - 500 families with dependents under 18
 - At or below the Federal Poverty Level

We recommend the following design for the City of St. Louis GBI pilot:

- **Recipients:**

- At or below the Federal Poverty Level (FPL)

- That means:

- A family of 2 making \$18,300 or less

- A family of 4 making \$27,750 or less

- Using the FPL helps hone in our target population:

- **26% of Black families** in St. Louis are already at or below FPL vs. only 6% White families

- **27% of the families with dependents under 18** in St. Louis are already at or below the FPL

- About **7,000 families in the city would be eligible** to apply

We also recommend the following measures to round out the GBI pilot:

- **Establish a Hold Harmless Fund** to support recipients who are losing benefits due to the added income of the pilot.
- **Pursue legislation and administrative waivers at the state level** to ensure GBI pilot income is not counted as income for benefit eligibility
 -
- **Partner with a local or national research institution** to ensure adequate support for impact evaluation of the program

Further Resources

- **Guides and Toolkits:**

- [Basic Income In Cities: A guide to city experiments and pilot](#) by National League of Cities
- [Guaranteed Income in the U.S.: A toolkit of best practices, resources, and existing models of planned and ongoing research in the U.S.](#) by Jain Family Institute

- **Communication and Community Engagement:**

- [Why All Guaranteed Income Work is Narrative Work](#) by Mayors for a Guaranteed Income and Insight Center
- [Pilot Community Engagement Program](#) by Income Movement

- **Research on Pilots :**

- [Learning Agenda](#) by Center for Guaranteed Income Research

- **Benefits Cliff:**

- [Learning Memo: Federal Benefits Protection Working Group](#) by Guaranteed Income Community of Practice
- [Guaranteed Income: States Lead the Way in Reimagining the Social Safety Net](#) by Shriver Center on Poverty Law and Economic Security Project