CHAPTER FOUR

Guaranteed Income Programs

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Following the economic devastation caused by the coronavirus pandemic, guaranteed income programs have recently gained significant traction across U.S. cities and counties. Chicagoland is hosting two pilot guaranteed income experiments. One pilot is being conducted by the city of Chicago, and a second pilot is being undertaken by Cook County, which includes the city of Chicago and some nearby suburban areas. Both Chicago and Cook County target low-income households, offering help in the form of direct monetary relief to poor families who might be disproportionately impacted by the pandemic.

Chicago Resilient Communities Pilot

The program run by the city of Chicago is called the “Chicago Resilient Communities Pilot,” and it gives $500 monthly cash to more than 5,000 households for a year. The program opened for applications in April 2022 and disbursed its first payment in July 2022 (Malagón, 2022). The 5,000 recipients were selected by a lottery from 176,000 applicants (Cherone, 2022). The eligibility requirements are: residence in Chicago; 18 years old or older; suffering from pandemic-related hardship; having a household income at or below 250% of the federal poverty level (for a family of four, the income threshold is $55,575 per year) (Sun-Times Media Wire, 2022).

The median household income of applicants is $14,000; 61% of the participants live below the poverty line (100% FPL), and 38% of participants earn less than half that amount (at or below 50% FPL) (Cherone, 2022). 67% of the participants identified as Black, followed by 23% as Latino, 16% as White, and 3% as Asian; 70% of them were women, and 17% suffered from a disability (Mayor’s Press Office, 2022). More than 16,000 applicants reported that they were experiencing homelessness and/or housing insecurity, and 83% of the applicants who were experiencing housing insecurity are Black (Patterson & City Bureau, 2022). Within the Chicagoland area, the South and West Side had the highest concentration of people who applied to the program, while downtown and Chicago’s Northwest side had the fewest registrations.
The goal of the Chicago Resilient Communities Pilot is to target payments to individuals who are living in poverty. Furthermore, it aims to help those people who were specifically adversely impacted by the economic fallout from COVID-19. People of color have borne the economic cost of the pandemic disproportionately. Furthermore, Black women are often the last to recover from economic recessions and suffer from higher unemployment than other groups (Wilcox, 2021). Mayor Lori Lightfoot of Chicago explained that this guaranteed income pilot dedicates $31.5 million out of $1.2 billion of the Chicago Recovery plan to “promote safe and thriving communities and an equitable economic recovery from the pandemic” (Mayor’s Press Office, 2022). The program serves as a commitment to end poverty locally, and “put residents at the center of the City’s economic recovery” (City of Chicago, 2022).

According to Chicago’s Department of Family and Support Services (DFSS), which is one of the major partners of the pilot program, the program received at least 300 applicants from all 77 of Chicago’s communities (Patterson & City Bureau, 2022). The lottery was quite competitive, with 35 applicants for each available spot (Patterson & City Bureau, 2022). The large number of applicants reflects the needs of Chicagoans, which are not fully met by the pre-existing social safety net: 18% of Chicagoans live in poverty, and 44% of them live just on the edge of poverty (Sun-Times Media Wire, 2022).

The city’s stark income disparity is widespread. Chicago’s mayor, Lori Lightfoot highlighted the extent of need: “Over 200,000 Chicagoans live in extreme poverty. Meaning their income is less than $6,795 a year—or $13,875 for a family of four. Those are devastating numbers. Imagine that for a moment, and trying to keep a family of four fed, clothed, safe and healthy on roughly $13,800 a year. It’s virtually impossible” (Sun-Times Media Wire, 2022). The economic inequality task force provides data that 500,000 Chicagoans, or 18% of the population, live below or at the poverty level, and a quarter of households owe debts that exceed their assets (Chicago Resilient Families, 2019). 44% of Chicagoans were unable to meet basic needs in 2017, before a pandemic that brought widespread job losses, greater health risks, a crippling economic outlook, and further racial disparities (Chicago Resilient Families, 2019).

Lightfoot noted that many households are “one job loss and one medical emergency away from financial peril,” and particularly through this Chicago Resilient Communities pilot, she hoped to enhance the social safety net in the face of the unprecedented pandemic that led to chronic unemployment and lost wages (Sun-
The mayor and city officials believe that this additional income every month can make a substantial difference for the working poor who are “living on the cusp of financial ruin” and help tackle poverty locally, especially to help “working families [stay] afloat as the city continues its pandemic recovery” (Gunderson, 2021).

Mayor Lightfoot threw her support to a guaranteed income pilot in September 2021, after Alderman Gilbert Villegas of the 36th Ward urged the City Council to implement a similar program earlier that year. He and a small group of Aldermen proposed a $50 million guaranteed income program (Gunderson, 2021). Villegas emphasized how a cash transfer program helped him considerably in his childhood. After his father passed away, his mother struggled to support her two sons. Through Social Security survivor benefits, however, his family fortunately received a monthly $800 check, which helped support the childcare expenses and gave his mother the freedom to work just one job instead of two (Guarino, 2021).

Alderman Villegas considers himself to be a “product” of this cash transfer program; his brother entered the Marines Corps at the age of 18 as a form of “payback” for the assistance they received from the federal government (Guarino, 2021). The Alderman said that the checks “allowed my mom to work with dignity and gave her the flexibility to work to better the neighborhood. [Basic incomes] are types of human infrastructure investments that we need to take a look at when we talk about investing in infrastructure” (Guarino, 2021). Now, as the Alderman of the 36th Ward, Villegas hoped to give back to the community in a similar light, especially in a post-pandemic era in which thousands of families are struggling to make ends meet. The passing of Mayor Lightfoot’s 2022 budget in October 2021 confirmed that the Alderman’s dream came to fruition (even if it was just for one year), and as of September 2022, 5,000 Chicago residents have received at least one payment, and the payments will continue to roll out for the next twelve months (Malagón, 2022).

The University of Chicago Inclusive Economy Lab—based at the Harris School of Public Policy—is the pilot’s official partner to evaluate this cash benefits program. The lab will survey 3,000 out of the 5,000 recipients of the program; participation is voluntary, and people who choose to part of the survey can receive a stipend for their participation (Mayor’s Press Office, 2022). The Inclusive Economy Lab will evaluate the program’s success, study the impact of guaranteed income to promote household well-being, and determine ways to improve future programs like the pilot. Carmelo Barbaro, who is the Executive Director of the Inclusive Economy Lab,
Lab, said, “One of the great things about this program is that it’s very large and ambitious—the largest guaranteed income pilot in the country in terms of participants. That will allow us to speak with much more precision and confidence to questions about who benefits the most or how people might benefit differently from participating” (Office of Civic Engagement, 2022). The Inclusive Lab will take on an integral role to test whether a guaranteed income can reduce poverty locally, and it will be important in building a field of practice that could provide a foundation for a guaranteed income program to be implemented on the federal level.

The pilot program’s official partners include the DFSS, GiveDirectly, and the YWCA of Metropolitan Chicago. DFSS is an entity that connects Chicago families to resources that build stability and support the well-being of Chicagoans, while providing direct services through its community service centers and senior centers (City of Chicago, 2022). The YWCA of Chicago plays a role by ensuring that the Chicago Resilient Communities Pilot is accessible to people in all parts of the Chicago community, including those who may struggle to obtain documentation and/or have language barriers (Office of Civic Engagement, 2022). GiveDirectly, which was founded by Harvard and MIT alumni in 2009, is backed by Google’s philanthropic arm and has administered more than $550 million to more than 1.25 million families in Africa (Singh, 2022). Betting on its expertise in administering cash transfers, it was selected as a partner to oversee the selection of recipients and the implementation of the pilot.

The participants can receive the monthly $500 no-strings-attached payment via a direct deposit, or a prepaid debit card administered by GiveDirectly, and they have the flexibility in choosing their preferred method of payment—easing access to unrestricted payments (Singh, 2022). The city officials deliberately made it a “cash transfer” program to enable the flexibility necessary for recipients to thrive on their own terms. During the pandemic era, the city officials witnessed how the federal stimulus checks and the expanded Child Tax Credit payments served as a lifeline for many low-income households to fulfill basic needs like food, rent, and utilities; now, those officials have instituted a pilot program which itself provides cash, which is flexible, efficient, and enables choice (Singh, 2022). Getting cash into people’s hands not only entrusts people’s discretion to make their ends meet, empowering the members of the community, but it also is betting that a simple and powerful cash transfer can help residents achieve financial stability.
In the end, the guaranteed income pilot in Chicago hopes to achieve four objectives: (1) provide relief to low-income households that were particularly adversely impacted by the pandemic; (2) improve the overall well-being of the recipients by bringing financial stability; (3) foster the city’s capacity to appropriately serve its constituents by expanding its existing safety net; and (4) implement and evaluate a guaranteed income pilot that will contribute to a fuller and evidence-based national conversation and bring a level of nuance to those discussions (City of Chicago, 2022).

**Cook County “Promise” Program**

Experiments in guaranteed income are sprouting in cities and counties nationwide, and the Chicagoland area is launching another guaranteed income pilot program in December 2022 on top of the existing Resilient Communities pilot. From the $1 billion funds received from the American Rescue Plan Act (ARPA) under the Biden administration, Cook County is allocating cash to the poorest families in the community through the largest publicly funded guaranteed income pilot program in history (Cerullo, 2022).

The Cook County “Promise” Program is part of the County’s effort to “pursue inclusive economic and community growth by supporting residents, growing businesses, attracting investment, and nurturing talent” as outlined in its policy roadmap (Cook County Government, 2022). The guaranteed income pilot program supports the “Vital Communities” pillar; other projects under the pillar include abolishing medical debt, providing small business support, investing in the Southland, and enhancing housing security (Cook County Government, 2022).

The Cook County Promise Guaranteed Income Pilot will send monthly payments of $500 to 3,250 residents for two years. Eligible applicants were adult Cook County residents who live at or below 250% of the federal poverty line—that is, the program selects residents earning no more than $33,975 a year, or $45,775 for a family of two, or $69,375 for a family of four (Malagón, 2022). The application window was open from October 6, 2022, to October 21, 2022, and participants in the Chicago Resilient Communities Pilot are not eligible for the Cook County version (Liederman, 2022).

More than 200,000 people applied for 3,250 spots in Cook County’s Promise Pilot program (Quig, 2022). According to the County, the median household income of an applicant is $15,000, and the average applicant household has two and a half
people. More than one-third of applicants are unemployed; more than one-fourth recently delayed medical care last year due to cost; and, 10 percent report unstable housing situations (Liederman, 2022). Amongst those 200,000 people who applied, 10,000 applicants will be selected via lottery for the next round. Upon verification of their information, the final 3,250 recipients will be selected to participate in the “Promise” program (Liederman, 2022).

Partnered with GiveDirectly, the $42.0 million project will distribute $500 monthly checks to 3,250 of the county’s neediest families (Cook County Government, 2022). GiveDirectly is working with AidKit to reduce friction for its applicants through its digital portal. GiveDirectly has extensive experience designing and implementing cash transfer programs, and AidKit would play a role as GiveDirectly’s complementary platform (Edinger, 2022). Applicants were also able to receive in-person assistance with submitting their applications.

As with Chicago’s guaranteed income initiative, Cook County is piloting a cash transfer scheme with confidence that recipients are well-positioned to make their own financial decisions (Noel, 2022). Cook County President Toni Preckwinkle points out that bureaucratic red tape has often been part of transfer programs because of a lack of trust in the ability of poor people to make good judgments (Quig, 2022). Now, however, Cook County is taking a step to “reframe the way we think about government assistance and is proud to be leading the way in the American guaranteed income movement” (ABC7 Chicago Digital Team, 2022). Denise Barreto, Cook County Director of Equity and Inclusion added, “The reality is we’ve had Band-Aids and initiatives throughout the years … but folks that are living in poverty are some of the most resourceful people in this country. So what better way to invest in them than directly investing in them and letting them decide what to do with it? We know that they’re going to enrich their families, and this is going to make communities better” (Gunderson, 2022). Cook County believes that direct cash support will be the most effective way for its constituents to make ends meet.

Unemployment in Chicago decreased in 2022, while the minimum wage rose to $15.40-a-hour. Inflation, however, reached a 40-year high, and income inequality rose (Patterson & City Bureau). Cook County President Toni Preckwinkle said that more than one-third of the county is eligible for the program and “lots are in need in this difficult moment” (Quig, 2022). Cook County has committed to extending the guaranteed income program beyond its pilot with county funds to “provide a stable financial foundation for residents who need help the most” (Liederman, 2022).
Preckwinkle noted that $13.2 million of revenue can be generated from cannabis taxes, and as the number of dispensaries grows and revenue is expected to increase 14% annually through 2027, the county can use this revenue to finance the Promise program and look at other revenue streams to meet needs accordingly (Quig, 2022).

As with the Chicago pilot program, the University of Chicago Inclusive Economy Lab is involved in researching and evaluating the Cook County “Promise” program. The Executive Director of the University of Chicago Inclusive Economy Lab said that their goal is to “generate evidence [that] guaranteed income programs hold promise for improving economic mobility and promoting racial equity” (Liederman, 2022) The County and the labs will work in conjunction to “learn how guaranteed income impacts participants, as well as the local economy and community” (Liederman, 2022).

Guaranteed Income (GI): What is It and How Does it Differ from Other Programs?

Guaranteed Income, or GI, is a constant, unconditional cash transfer program targeted towards a certain population. The targeting explains how GI differs from Universal Basic Income (UBI), which provides cash to all citizens. While each GI program is unique in the way in which they determine eligibility, most U.S. pilots generally target households under a certain poverty level, along with some other requirements (DiBenedetto, 2022).

The word “unconditional” in describing GI entails that the guaranteed income program is not tied to any work requirements (Jain Family Institute, 2022). In this respect, GI differs from the Earned Income Tax Credit (EITC) or (in some states) Medicaid because these programs provide benefits only to those who worked (Darling, 2022). Proponents of unconditional transfers highlight the danger of welfare programs being closely tied to work requirements (Macaluso, 2021). These types of social welfare programs neglect the needs of certain groups; their assistance might not be enough to counter the effects of the recession and provide a social safety net for those who need it.

A guaranteed income program differs from Negative Income Tax (NIT) because it is not means-tested in the sense that support is reduced as the recipient becomes wealthier (Jain Family Institute, 2022). Having a means-tested program can pose risk because it may disincentivize people who are receiving food stamps or housing vouchers from working (Jain Family Institute, 2022), and even reduce the
work incentives with an NIT. Furthermore, people can be dissuaded from reporting rising income if their benefits will fall. A guaranteed income program is a stream of cash transfers that provide support without a means-test and can eliminate these potential concerns (Jain Family Institute, 2022).

Furthermore, most U.S. guaranteed income pilots provide direct monetary relief in the forms of direct deposit, cash, or a pre-paid debit card. While the amount of cash transfers varies depending on the demographics, local poverty rate, and cost of living in the region, their goal is to provide direct monetary relief to households with no-strings-attached to help offset some burden (Jain Family Institute, 2022). Handing out cash is more empowering than programs like Supplemental Nutrition Assistance Program (SNAP) because there is more flexibility. SNAP recipients receive a pre-paid card specifically for purchasing food at authorized retail stores (USDA, 2021). On the other hand, receiving cash is better than getting food stamps because recipients have the freedom to use funds as they see fit. This can be empowering, and the results could manifest in the forms of more investment in their education, more time spent with their family and children, and/or better employment opportunities by leveraging the funds received by the government (Jain Family Institute, 2022).

Basic income involves a no-strings-attached cash transfer that is independent of work requirements or one’s level of income. There are three main types of basic income: partial basic income, full basic income, and the well-known Universal Basic Income (UBI). Partial basic income is not sufficient to meet all basic needs, while recipients receiving full basic income can live off the cash transfers alone (The U.S. Basic Income Guarantee Network, 2011). (UBI is a full basic income that everyone receives.) Full basic income might greatly discourage some households from working, but partial basic income, like that of Chicagoland’s two pilot programs, would not be as susceptible to that disincentive: the cash transfers do not completely cover the costs of living, though they do help recipients fulfill their basic needs (Fabbri, 2018).

In summary, the Chicago Resilient Communities program and Cook County Promise Guaranteed income program are guaranteed, partial basic income programs that provide unconditional cash transfers, irrespective of means or work status. The selected recipients receive a monthly, unconditional cash transfer of $500, and they have the freedom to use the funds as they best see fit. The transfers in the Chicagoland pilots are not enough to cover all costs associated with the recipients’ basic needs: a $500 monthly payment won’t cover all of a household’s rent or mortgage, food, and clothing expenses. Strong incentives to work are still in place.
Furthermore, while UI provides everyone with a guaranteed payment, Chicagoland’s GI pilots provide income to specific groups based on financial need – in particular, low-income households who were disproportionately impacted by the pandemic. The U.S. economy in 2022 met the usual criterion for a recession, with GDP declining for two consecutive quarters. It will be worth learning how the GI recipients have done during these difficult economic times, and if unconditional cash transfers can create a stronger and more-thriving community in Chicagoland.

History of Guaranteed Income

The idea of handing out money has long been suggested as a solution to entrenched poverty and inequality in the United States. Almost a century ago, especially after the Great Depression, people like Huey Long advocated for guaranteed income. Through his “Share Our Wealth” plan during the Great Depression, Long, who at the time was a prominent U.S. Senator, proposed a resolution that guaranteed a minimum annual income of $2,000 for all households in the United States that were making less than one-third of the national average income. Long believed that the country’s economic collapse during the Great Depression was a byproduct of widening inequality, and he sought to reduce inequality through his “Share Our Wealth” proposal. His plan garnered lots of support nationwide, drawing more than 7.5 million followers by the summer of 1935. Long was assassinated in September 1935, and his plan was never adopted (Patterson & City Bureau, 2022).

Also during the Great Depression, Francis Townsend generated considerable support for his old-age pension scheme, which proposed to pay a $200 monthly stipend to retired people over 60 years of age (Patterson & City Bureau, 2022). The idea was to combat widespread poverty among the elderly, and also to stimulate the economy: a condition of the disbursements was that the money had to be quickly spent. Though the Townsend Plan itself was not adopted, President Roosevelt partially incorporated the idea in the Social Security Act of 1935, in which some retirees could collect a retirement benefit of $35 per month. Unlike Townsend’s proposal, however, a long work history was a condition for receiving Social Security benefits (Social Security History).

In the 1960s, civil rights leader Martin Luther King advocated for guaranteed income as a solution to poverty. Dr. King said in a 1967 speech, “The dignity of the individual will flourish when the decisions concerning his life are in his own hands, when he has the assurance that his income is stable and certain, and when he knows
that he has the means to seek self-improvement” (Konish, 2022). Furthermore, in his march known as the “Poor People’s Campaign,” Dr. King called for a “program that would provide either jobs or income for all Americans” to ensure a basic standard of living (Voelz, 2014). The rationale for a basic guaranteed income often comes down to ensuring that people have both the freedom and the flexibility to choose their own path. Progressives like Dr. King sought to alleviate poverty and help reduce the stark income inequalities through the guaranteed income program, while simultaneously promoting justice and equality (Patterson & City Bureau, 2022).

Conservatives, as well as progressives, have supported the implementation of a guaranteed income. In 1969, Republican President Richard Nixon advocated for the creation of a guaranteed minimum income system that would ensure every American family of four had at least $1,600 per year—at a time when the median household income was about $7,400 (Beake, 2018). President Nixon’s proposal to pay an unconditional minimum income to poor households passed in the House but not in the Senate. Throughout the history of the United States, attempts have been made to uplift people out of poverty, and to this day, city and state officials are experimenting with the concept of unconditional cash transfers to find a solution to address poverty.

**Comparison: Other Guaranteed Income Pilots in the U.S.**

Even before the initiation of the two pilot programs in the City of Chicago and Cook County, guaranteed income programs had been gaining traction nationwide. Numerous cities, counties, and organizations launched different pilots to disburse cash, and while they each had a unique approach to how the money was distributed, the end goal is the same: they hope to give relief to people suffering from poverty and obtain evidence about whether the guaranteed income program works.

Guaranteed income pilots differ with respect to the size of the transfer; the targeted population; duration; and region. Major U.S. guaranteed income pilots include (Lucas, 2022):

1. Y Combinator Research: 100 families receive $1,500/month from September 2016 to September 2017
2. Phoenix, Arizona: 1,000 families receive $1,000/month for a year starting in late 2021
3. Compton, California: 800 families receive payments between $300-$600/month starting October 2020
4. Los Angeles, California: 3,200 participants receive $1,000/month from January 2022 to March 2023
5. Los Angeles County, California: 1,000 participants receive $1,000/month for 3 years beginning in August 2022
6. Stockton, California: Participants receive $500/month for two years starting in 2019
7. Baltimore, Maryland: 200 parents between the ages of 18 and 24 receive $1,000/month for two years starting in August 2022
8. Cambridge, Massachusetts: 130 single-parent households receive $500/month starting in September 2021

Perhaps the most prominent example of a version of a guaranteed income policy in the US is the Alaska Permanent Fund Dividend. The plan was implemented in 1976 and distributes cash generated from the oil revenues to all Alaska residents. Every Alaskan receives $1,000 to $2,000 annually—though recipients must have lived within the state for a full calendar year (State of Alaska, 2021). The results from the Alaska Permanent Fund Dividend show promise; an analysis by Professor Ioana Marinescu of the University of Pennsylvania School of Social Policy & Practice highlights some key findings. First, the cash disbursements do not affect the employment rates of Alaskans: the average Alaskan work as many hours as people in other comparable U.S. states, such as Utah or Wyoming. Further, part-time employment increase with the cash dividend (Marinescu, 2017). Furthermore, the research asserts that receiving basic income tends to increase education for disadvantaged youth (Marinescu, 2017). Therefore, the common argument against basic income, that it will disincentivize work, does not appear to be the case in Alaska, which supports the narrative that guaranteed income works. Second, basic income tends to increase education for disadvantaged youths (Marinescu, 2017).

Poverty is associated with social pathologies such as crime, drug abuse, and poor health—problems which, among other things, can cost taxpayers billions of dollars every year (Greenwell, 2022). Providing no-strings-attached cash transfers to the poor can be a worthwhile strategy that can lead to reductions in other public assistance programs and be beneficial for overall societal well-being. These numerous pilots provide an opportunity to see if alleviating poverty by transferring money to the poor is a viable, even a preferred, option. So far, the results of the various pilots show that, in overall terms, the cash grants are beneficial; for instance, some children attend
school more regularly, parents pursue continuing education opportunities more readily, and families have greater access to more nutritious food.

Comparison: Stockton, California & Compton Pledge

In 2019, Stockton, California offered one of the first city-led cash assistance programs to its residents. The pilot was initially intended to last for 18 months, but officials extended the duration to two years due to the pandemic (Mathewes, 2021).

About a quarter of Stockton’s residents live in poverty—similar to Chicago’s 20% (SEED, 2021). Stockton city officials hoped to reduce poverty while “giving people the dignity to make their own choices” and incentivizing people to spend more time with their families and communities (Treisman, 2021).

The Stockton Economic Empowerment Demonstration, or SEED, is one of the first nation’s guaranteed income demonstrations. It was founded in February 2019 by then-Mayor Michael Tubbs. SEED received a $1 million grant from the Economic Security Project and $200,000 from private donations (Norwood, 2021). Their team randomly selected 125 people in poor neighborhoods in Stockton to receive a $500 monthly stipend via a prepaid debit card. The amount of $500 was deliberately selected in such a way that it cannot fully replace the household’s other income but can help with core needs, such as food.

Through a randomized controlled trial, the University of Pennsylvania’s Center of Guaranteed Income Research tried to determine how GI affected financial well-being, mental health, feelings of agency, and other factors. The researchers tracked data related to the participants’ monthly purchases and how the extra income boosts their well-being and their employment prospects (Greenwell, 2022).

SEED results showed promise. Data highlighted that those who received the stipend were more likely to become employed full-time—12% of recipients transitioned into a full-time role compared to only 5% for those without the stipend (SEED, 2021). The $500 boost in monthly income allowed participants to have better job prospects since recipients were able to look for jobs more easily without worrying about the loss in pay. In fact, researchers determined that full-time employment rose for the beneficiaries of the guaranteed income (Treisman, 2021).

Not only did the guaranteed income program lead to a better outcome in terms of employment, but it also positively impacted participants’ physical and mental health (Treisman, 2021). Health improvements are also suggested by the SEED analysis that found that participants had decreased feelings of anxiety and depression as the extra
cash decreased the overall financial volatility in their life (SEED, 2021). 50% of the recipients were also better prepared for $400 emergency expenses—compared to 25% in the control group (SEED, 2021).

Furthermore, another common misconception is that people will use the money to buy drugs, alcohol, or other “nonessential” purchases. Rather, the SEED spending data demonstrated that people primarily spent money on necessities like food—followed by expenses on utility and transportation (Mathewes, 2021). Families wisely leveraged this income to strive for better lives. The data reveal that GI programs can help establish a stable economic foundation and may be an effective way to distribute dollars to combat entrenched poverty and inequality.

The Stockton pilot program is over, but people confirmed that the program works. In fact, not only did this guaranteed income pilot program work, it also showed that even a small $500 no-strings-attached cash payment can make a substantial difference in alleviating financial difficulties for many households. Data showed that guaranteed income can pull people out of poverty, lead to better employment prospects, and improve health outcomes and well-being. With the confidence that the guaranteed income program works, officials announced a new Compton Pledge—which selected 800 recipients to begin in March 2021—to study under what conditions the program is the most effective (Greenwell, 2022). For instance, how frequently should cash be distributed, and how should the transfers be made?

**Analysis of Recurring Unconditional Cash Transfer Using the 2021 Child Tax Credit (CTC)**

Studying the behavioral effects of a large nationwide cash transfer program can provide a glimpse into the behaviors of recipients of guaranteed income programs. The guaranteed income pilots in Chicago and Cook County resemble the temporary expansions of the Child Tax Credit (CTC) in many ways. Before the temporary expansion of CTC, families who did not work or had zero income were unable to claim the Child Tax Credit. In early 2021, however, President Biden drastically expanded CTC such that low-income parents—regardless of their employment status—receive $3,600 per child every year (Pilkaukas et al., 2022).

The 2021 expansion of CTC can be seen as a monthly, unconditional cash transfer since it is not tied to any work requirement and is not means-tested. It closely resembles the guaranteed income program in Chicago and Cook County in that 1)
recipients must make under a certain threshold of income, 2) recipients receive a monthly payment from the government, and 3) recipients can receive payments regardless of their employment status. Hence, findings from the CTC might lend insight into the effects of the guaranteed income programs in Chicago and Cook County.

The 2021 CTC expansion provided many low-income families with entirely new income support of $500 monthly from July 2021 to December 2021. Furthermore, this additional transfer of cash is not contingent upon any work requirements. Pilkauskas et al. (2022) analyze the impact of the 2021 temporary expansion of the Child Tax Credit on low-income households with children, using a broad set of economic well-being indicators, including material hardship, use of friends and family for assistance, and employment. Overall, the study demonstrated that the 2021 monthly CTC reduced the number of hardships families experienced, including diminished food insecurity and fewer medical hardships, without altering labor supply (Pilkauskas et al., 2022).

The Center on Poverty and Social Policy at Columbia University further analyzed the expanded CTC. The research showed that the extra income led to greater financial stability and had a negligible impact on the parents’ employment status (Parolin et al., 2022). The tracked expenses showed that the majority of the CTC income was spent on food, followed by bills, clothing, rent payments, school expenses, and debt payments (Parolin et al., 2022). Furthermore, the researchers found that after the CTC payments were discontinued in December 2021, the monthly child poverty rate increased from 12.1 percent to 17 percent in January 2022—3.7 million more children were in poverty following the expiration of the temporary expansion of CTC (Parolin et al., 2022). Once again, little to no effects on labor supply were noted.

Other studies related to unconditional cash transfers also support these findings. Economist Ioana Marinescu of the University of Pennsylvania studied the effects of an unconditional cash transfer by reviewing empirical results from U.S. and Canadian negative income tax experiments, the Alaska Permanent Fund Dividend, and the Eastern bank of Cherokee’s casino dividend program. Her study concluded that cash transfers had no statistically significant effect on employment, and it also “can improve health and educational outcomes, and decrease criminality and drug and alcohol use, especially among the most disadvantaged youths” (Marinescu, 2017).
Conclusions

Chicago Resilient Communities Pilot and Cook County Promise Pilot are both hoping to make a substantive difference in people’s lives and support the narrative that guaranteed income works. Both pilots launched at historically large scales—and while a large scale comes with the challenge of a price tag of $30 million annually, various guaranteed income programs over the years have shown promising results.

Among the potential benefits of guaranteed income relative to alternative safety net programs is flexibility: cash payments provide scope for recipients to seek new opportunities in areas that are particularly important to them, including childcare, higher education, or working toward higher-paying jobs. Guaranteed income programs have demonstrated positive effects on people’s well-being, with little evidence of any substantial disincentives to work. The evidence that is eventually collected from the Chicagoland projects will be important in seeing if these good outcomes continue to appear in larger-scale settings, and if they can justify the costs. It may be that the social costs of poverty are so extensive that in the long run, the most cost-effective approach to poverty is to eliminate it via unconditional cash transfers.

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