

GUARANTEED INCOME PILOT⁹⁰

Creating a guaranteed income pilot in Chicago will advance learning as to how government can operate and bring programs like this to scale.

BACKGROUND

The task force started out its work learning about universal basic income programs. In recent years, there has been increasing interest in implementing a basic income as a policy proposal in the United States that would be universal and unconditional, righting all the wrongs of how our current safety net is structured. No one would fall through the cracks.

As we moved down the path of modeling specific solutions we landed on guaranteed income as a place to start. We know we needed further testing and evidence before recommending something universal, but based on the research to date, we felt strongly this version of basic income could be well-tailored to support economic security.

Guaranteed income is a program wherein a specific population is provided with monetary transfers on a regular basis. Guaranteed income design principles include:

- The amount of income provided should support a basic standard of living.
- The income is a regular fixed amount.
- The income is distributed at regular intervals.
- The income is provided for a sustained period of time.
- The income is given with no strings attached; it is unconditional.
- Eligibility is usually simple—recipients simply need to be a resident in a predefined geographic region, such as a city or a state. Otherwise it is unrestricted.

The benefits are well-described in the cash transfer portion of this report.

EMERGING INITIATIVES

As income inequality grows, poverty deepens, and work becomes more precarious, interest in basic income solutions has surged. This increased interest has given rise to several North American pilot programs of cash transfers. Pilots currently under development in the U.S. represent an array of political and economic conceptualizations of basic income, and each pilot takes a different approach to policy design, research implementation, and messaging.

ONTARIO BASIC INCOME PILOT⁹¹

Ontario, Canada is home to the largest pilot in North America, in terms of number of participants and size of cash transfer. The provincial government committed to a three-year pilot of basic income for 4,000 Ontario adult residents beginning in 2018. Based on 75% of Canada's National Low Income Measure, participants received approximately \$1400/month for single households or \$2000/month for couples, less 50% of earned income. According to the policymakers, this amount "would provide an income that will meet household costs and average health-related spending." Some existing social benefits were swapped out dollar-for-dollar with the basic income transfer, while others—disability, child benefits, and healthcare—were left as-is. This program was messaged to Canadians as a potential additional benefit, which would accommodate those who are currently underserved by the existing social safety net and was framed as a benefit that would allow and encourage recipients to create better circumstances for themselves by

Universal cash programs were a way of providing the poor with an opportunity to participate in the economy. Universal cash programs were a way of ensuring that all members of a society had a foundation to build on. Universal cash programs boosted the power of workers. Universal cash programs provided women with choices when it came to raising their children and starting their careers. Universal cash programs were a powerful tool for social justice, ensuring that the minority would get what the majority got. Universal cash programs squeezed racial prejudice and paternalism out of the safety net, trusting people to use what they had in the best way for them. Universal cash programs were a way of helping overlooked rural communities. Universal cash programs were a way of aiding children, regardless of the competencies of their parents. At a time of polarization and inequality, universal cash programs offered empowerment, inclusion, and together—something for everyone, it seemed. They were not a safety net. They were a foundation.
(Annie Lowry, Give People Money, 2018)

investing in education, improved living conditions, and a host of other activities which boost human capital and overall health and well-being. The transfers are slated to end on March 25, 2019, but may run longer depending on court decisions.

Y COMBINATOR RESEARCH BASIC INCOME RESEARCH DEMONSTRATION⁹²

In the U.S., the largest basic income pilot announced to date is a privately funded and operated randomized controlled trial to be launched in multiple locations. Y Combinator Research is implementing this pilot and are currently testing and refining a pilot design that will eventually include 3,000 recipients (1,000 treatment, 2,000 control). The cash transfer of \$1,000/month—enough to cover basic needs—will be given to participants for three to five years (control group participants will receive \$50/month). Effects of the cash transfer are to be evaluated along eight parameters: time use, subjective well-being and objective health, financial health, time and risk preferences, political and social behaviors and attitudes, crime, effects on children, and spillover and network effects outside the household.

STOCKTON ECONOMIC EMPOWERMENT DEMONSTRATION (SEED)⁹³

California is home to the Stockton Economic Empowerment Demonstration, a publicly operated, privately funded pilot aimed to glean informative and compelling stories from the lives of the recipients as well as robust descriptive and correlational statistics which can complement the aforementioned stories. Beginning in 2019, disbursements of \$500/month will go to 100 participants for 18 months. This study will also use a randomized control trial design, with a control group of 200. Though the amount is not considered enough to cover basic needs, it is aimed to alleviate poverty and income inequality by targeting residents of the city whose income is below the area median income level. This pilot has a strong community engagement component, working closely with established community organizations in Stockton to both inform and get feedback and input from Stockton residents.

MAGNOLIA MOTHERS TRUST⁹⁴

Jackson, Mississippi is home to a small, privately funded basic income program launched in December 2018 called Magnolia Mothers. This one-year pilot will provide \$1,000/month to 15 black mothers in Jackson. One of the goals of this small pilot is to develop of proof of concept, that, if successful, will develop into a three-year pilot and study of 100 Jackson, MI families. The program seeks to address head on the racial and gender-based elements of poverty by targeting black mothers and providing them with a range of voluntary support services in additional to the unconditional cash transfer.

EXPLORING CHICAGO OPTIONS

Chicago's track record of innovation and responsiveness sets us up well to be the largest city to pilot guaranteed income. Chicago can demonstrate how these programs work and be brought to scale, all while having an immediate impact on resident's lives and local community economies.

There are very few pilots underway and they do not get to the core of how Chicagoans would benefit or how a major American city would implement such a policy. Chicago pilot would provide rich insight into the local context (how individuals and communities are impacted) at the same time as being generalizable to other comparable regions (setting a framework for how to transition the pilot to policy and administer via government agencies).

In concert with the other pilots happening, Chicago can fuel a demonstration effect, vetting a new wave of social policy ultimately for federal adoption.

Given Chicago's limited scope to finance meaningful universal services for every resident, we recommend first piloting a basic income for a targeted subset of residents who face the greatest financial challenges.

BENEFITS OF PILOT FOR POLICY

- Immediate economic benefit: Transferring cash to low-income families is highly likely to make them better off.
- Have impact: Show that guaranteed income reduces income disparity and helps Chicagoans be resilient against income instability.
- Producing actionable knowledge: A well-designed cash transfer experiment in a U.S. urban setting will enrich understanding of potential social policies. Chicago's pilot would be designed to generate policy-relevant knowledge. Won't resolve all questions, but will help policymakers arrive at better informed choices.
- Deepening evidence: In addition, Chicago's pilot would be structures to document how unconditional, unrestricted cash transfers are a promising policy intervention.
- Demonstration project effect: Influence state and federal levels and contribute to the national and global discourses.
- Narrative change: Change how social policy is made by changing the harmful and false narratives around people with low-incomes through story-telling.

Cities are uniquely positioned to lead the country forward through innovation and ferocious experimentation. As we near the 2020s, it is apparent that the nation will need a social welfare system built for this new century and its specific challenges. (National League of Cities and Stanford Basic Income Lab) ⁹⁵

PILOT POLICY FEATURES

GOALS

Reduce income disparity and hardship and help Chicagoans be resilient against income instability.

RECIPIENTS

1,000 low-income Chicagoans. A sample of this size allows for considerable statistical power as well as increase the number of individuals that can benefit from the cash disbursement. Study participants will come from a variety of backgrounds, representative of Chicago's diverse makeup. A diverse group of study participants also allows for us to ensure the inclusion of historically underrepresented minorities, individuals from historically poor areas, and those working in sectors susceptible to employment volatility.

FAMILY SIZE	CHICAGO AREA MEDIAN INCOME
1	\$59,300
2	\$67,700
3	\$76,200
4	\$84,600

With limited time and funding, targeting the pilot policy to those most in need allows us to see the ways in which a guaranteed income can alleviate poverty and stimulate equity. The target population is based only on Area Median Income—those eligible will reside in neighborhoods that are below area median income level at the time of enrollment in the program—there are no other eligibility requirements. (Participants whose incomes change and exceed these cutoffs after enrolling will remain a part of the program.) This specification allows for the pilot to best replicate, in miniature, an eventual targeted guaranteed income policy, and/or how existing benefits can be improved. Acknowledging that youth and elderly experience economic insecurity to a great degree, eligibility should be considered for ages 18 and up to be able to attend to the needs of a wider range of Chicagoans and understand the differential impacts of guaranteed income between age groups. This can also help shed light on the efficacy of existing benefits for those in specific age groups.

AMOUNT

Participants will receive \$1,000 per month. This figure is based on federal poverty guideline for family of 1.⁹⁶ A transfer of this size could make a substantial and sustainable change in people's lives and is well aimed at reducing and avoiding hardship.

FREQUENCY

Payments would be made monthly. This will help smooth the unstable income flows and unpredictable expenditures that low income households often face.⁹⁷

CONDITIONS

Use of the funds would be unconditional. Recipients can decide how the income can best meet their unique needs and goals.

DURATION

Participants will receive the disbursements for 1.5 years. This time frame is sufficient to see the effects of receiving the cash supplement. Eighteen months is the recommended minimum duration—this allows people to both use the money to take care of existing debts and immediate needs; it also allows them to start making plans for savings and future investments. The longer the pilot lasts, the more people will benefit and the more we can learn about the impacts of cash for Chicagoans.

OTHER BENEFITS

We want to ensure that the pilot does not make people who are most vulnerable worse off by preserving eligibility for existing benefits such as SNAP, child care assistance, and Medicaid.

COST

A minimum \$12 million per year will be needed for the cash disbursements. An additional stipend for participation in interviews, ethnographic studies, and surveys can be provided to those who give consent. Operations cost to be determined.

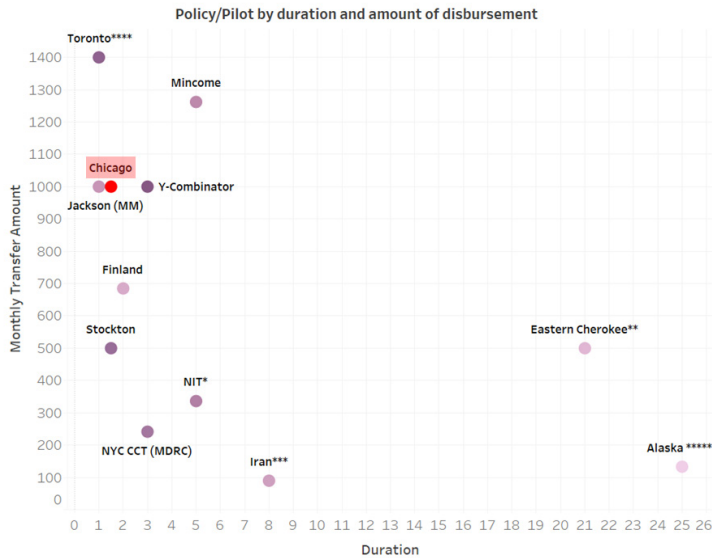
RESEARCH

The goal of the study is to evaluate outcomes to refine policy plan and implementation process. Furthermore we hope to continually incorporate learnings to assure a functional, scalable policy and to build an informed narrative on the long-term impacts for Chicago. Research methods may include quantitative surveys (including a common module from other studies), qualitative Interviews, and ethnographic studies. To get the richest understanding of how a basic income makes a difference, researchers will also track a comparison group of individuals who are eligible but not receiving the basic income.

FUTURE PLAN

Policy sustainability efforts will happen throughout including building political will and leadership, designing a robust and transparent administrative infrastructure, and determining sustainable funding mechanisms.

HOW CHICAGO'S PILOT COMPARES TO OTHER BASIC INCOME INITIATIVES:



NEXT STEPS

To successfully launch a pilot, a planning phase will be critical to fundraise, work out the operations, and finalize research design. Planning areas include:

FUNDRAISING: Financial considerations rank as one of the most crucial facets of conducting a policy pilot. It is clear that funding must be secured and insulated from being diverted elsewhere before the pilot has started. Subjects must be informed well in advance as to the minimum time line for their disbursement. Funding for policy pilots generally comes from two main sources: philanthropic organizations or from a government budget. Other sources may include grant or “in-house” funding (whereby the research organization may itself finance the pilot). Policy pilots and other such experimental endeavors tend to be funded via philanthropic, grant, and in-house sources. Of course, policy pilots tend to look to several sources of funding to meet budgetary requirements. Determining who will take ownership of the pilot and lead fundraising is a critical next step.

INFRASTRUCTURE: Map out the infrastructure needed to able to handle the cash disbursements, data gathering, and managing a host of other bureaucratic and administrative tasks. For instance, if enrollment into the pilot is based on an online website, such a site must be created and maintained. If there is a marketing component of the pilot (i.e. to ensure everyone has heard of it and will apply), then this, too, must be considered carefully.

RESEARCH: Translating a Basic Income pilot into actionable government programs requires a keen eye to answering at least two primary questions: how representative are the research findings for a discussion on a city-wide policy? How do effects change as the initiative is scaled up from a small-scale pilot to a full-fledged policy? Answering these questions best primes the policy for success when it is crafted into an eventual policy. Ultimately, good, objective research with promising findings helps drive conversations in

support of a policy initiative. In addition, research needs to account for understanding what may happen at scale. A Basic Income initiative with a thousand people is certainly going to be different than one with a million. Financing, for instance, is an obvious emergent variable: costs will certainly increase in a non-linear fashion as disbursement claims increase from a mere one thousand individuals to the size of an entire city. Infrastructure – online and physical – would be required to handle the larger size of individuals in the pool. Ultimately, in matters of scale, we are confronting forces that highly unpredictable ex ante; policies enacted in complex systems such as cities are bound to entail several unknown and unknowable variables.

CONTINUED LEARNING: The notion of iterative improvement is useful in allowing the policy flexibility in best fulfilling its objective. Designing roll-out in stages can advance this. The first wave of implementation can be useful in not only determining where things have gone well and according to plan, but also where things have gone awry and in need of improvement. By starting at a smaller level, this learning is relatively cheap and low stakes.

PROTECTING PUBLIC BENEFITS: The task force was unequivocal about preservation of existing benefits such as SNAP, child care assistance, and Medicaid. We want to ensure that the pilot does not make people who are most vulnerable worse off, and aim to maximize the benefits that recipients receive. Preserving access to benefits upholds rights to safety, dignity, and well-being for individuals and their households. Loss of medical care as a result of participating in a pilot could have life-threatening and/or long-lasting negative financial impacts. Equally important, the loss of nutrition assistance or child care, means that the basic income payment will likely supplant these benefits and may not improve a person’s well-being or reduce poverty. In fact the monthly value of child care assistance alone for even single child families may be higher than the basic income amount. In addition, there are important research and policy implications. Holding people harmless to public benefit loss allows us to test the impact of a robust safety net for people living in or near poverty that includes the income supplement as well as some key elements of the safety net such as medical care, nutrition assistance, housing, and/or child care; we could learn how a truly strong safety-net contributes to overall well-being. We will need to partner with governmental agencies to mitigate harm via policy change⁹⁸ and to provide participants and the public with accurate, consistent information and to minimize risks to recipients’ financial states.⁹⁹

Trading in benefits earmarked for the poor for a benefit like a guaranteed income, which is designed to provide financial stability to the middle class and the poor alike, would be regressive, a subtle way of taking money from those who need it the most and giving it to those who need it less. By contrast the families that would gain the most from a guaranteed income built on top of existing programs would be those who make the least, which is just as it should be.¹⁰⁰

Chris Hughes in A Fair Shot

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Guaranteed income can have powerful effects:

**SIGNIFICANT REDUCTIONS IN POVERTY; IMPROVED SCHOOL ATTENDANCE;
AN INCREASE IN SAVINGS.**

these are goals every Chicagoan can get behind.