

GUARANTEED INCOME FUNDER Q & A

The goal of this document is to answer key questions about the asset building case for supporting guaranteed income efforts. AFN's perspectives are built upon member experience as well as data, resources, and publications by experts within the field of guaranteed income. We recognize that research and evaluations have been done across the U.S. and we seek to build on that work by focusing on questions most relevant to asset building philanthropy.

GUARANTEED BASIC INCOME DEFINED

How does AFN define a Guaranteed Basic Income (GBI) or Guaranteed Income (GI) as it is commonly known?

AFN uses the definition provided by Economic Security Project (ESP) and Mayor's for Guaranteed Income (MGI) which states that "guaranteed income, sometimes called guaranteed basic income or basic income, is a cash payment provided on a regular basis to members of a community with no strings attached and no work requirements."

A guaranteed income is one that:

- Is a direct public cash investment without obligations
- Arrives on a predictable monthly basis
- Respects people's freedom to meet their own needs and can be used for any purpose
- Follows participants no matter where they live, what their families look like, or what type of work they do to support themselves, their families, or their communities.

By providing individuals with a stable and reliable source of income GI reduces financial insecurity, improves economic security, and enables people to meet their basic or pressing needs on a consistent basis and eventually to focus on their economic goals.

OUTCOMES AND EVALUATIONS

What have we learned about the outcomes of completed GI pilots?

While there are numerous GI pilots being completed each month, several have completed randomized control trial (RCT) studies. The results showed that participants experienced the following outcomes:

- **Reduced income volatility** – The income of the group which received guaranteed income fluctuated 46.4% monthly vs. 67.5% for the control group which did not receive the GI.
- **Increased savings** – The percentage of recipients who were able to pay for an unexpected expense with cash or a cash equivalent increased to 52% from 25% over one year.
- **Reduced debt** - One year in, 62% of recipients were making payments on their debts compared with 52% at the beginning of the pilot, an increase of 10%. Debt reduction is a key component of wealth preservation.
- **Increased full-time employment** - Recipients increased their full-time employment by 12% vs. only 5% for the control group. The percentage of recipients engaged in full-time employment increased from 28% to 40% over the course of the year.
- **Reduced childhood poverty** - The federal Child Care Tax Credit of 2021 reduced childhood poverty by 40%. Monthly poverty rates among children after expansion of the Child Tax Credit.
- **Non-financial Outcomes** - People had improved health, mental health, and well-being: including reduced depression and anxiety and diminished feelings of financial scarcity while creating a future orientation and new opportunities for self-determination, choice, goal-setting and risk-taking.

What other information is available on more recently completed pilots about how people have used their guaranteed income?

The Stanford Basic Income Lab (SBIL) and the Center for Guaranteed Income Research (CGIR) have summarized evaluations of 31 completed guaranteed income pilots across the U.S. reflecting:

- The largest share of expenditures (41%) went to retail sales and services.
- Food and groceries were the second highest category at 28%
- Transport and housing/utilities at 9% and 8%, respectively
- Financial transactions at 7%,
- Healthcare, education and miscellaneous expenses made up approximately 4%.

Click [HERE](#) to access the most recent GI dashboard designed to visualize data from 30+ guaranteed income pilots across the US.



ELIGIBILITY

Who is eligible for guaranteed income?

- Anyone within a specific targeted geography or community may be eligible. Beyond being a means of achieving an array of stabilizing and beneficial outcomes, guaranteed income also serves as an important general protection against a wide-range of economic and noneconomic shocks. It is precisely the flexibility of unrestricted money that provides individuals with agency and a way of addressing the needs they experience as most pressing in their lives. Field experts refer to this as a form of targeted universalism.
- The 150+ GI pilots across the United States currently focus on a spectrum of people with eligibility characteristics such as transition-aged youth, pregnant individuals, people who are undocumented, or households under an income threshold e.g. 250% of the poverty level in Cook County, Illinois pilot.

INTERACTION WITH PUBLIC BENEFITS

What is the connection between public benefits and guaranteed income?

- Guaranteed income is meant to complement, not replace, need-based public benefits, existing income supports, and tax credits.
- Unlike public benefits, GI builds on existing income and helps a household to choose spending to increase security, reduce debt, engage in the child development activities that require fees, and build savings for future goals.

Funders are also playing a critical role supporting reform and expansion of existing cash-based government policies, including the federal Earned Income Tax Credit (EITC), the Child Tax Credit and similar state-level refundable tax credits. They are also supporting reforms of other public policies by applying guaranteed income principles that streamline access and remove onerous or inequitable requirements. Also, funders are supporting future focused strategies such as Baby Bonds and Children's Savings Accounts.

Does guaranteed income impact people's ability to receive public benefits or income supports? Does it impact people with disabilities receiving Social Security or Medicaid?

- In some cases if the GI is treated as countable income, individuals who receive GI may be impacted by a "benefits cliff" or a sudden loss or reduction in public benefit, public health insurance, or income supports such as Supplemental Nutrition Assistance Program (SNAP), TANF, CHIP or Medicaid, Child Care or Head Start or state tax credits.
- For housing subsidies the GI could cause a rent increase. These can be disincentives to receiving guaranteed income because the loss of benefits often outweighs the financial gain.
- In many cases the state, county, or delegate agency responsible for administration of these programs can treat GI pilot income as non-countable income.
- While people on disability are eligible for guaranteed income, the income is countable and may reduce SSI or other governmental disability benefits.



What are ways the benefits cliff has been addressed?

- **Benefit waivers** are provided by the government agencies administering the programs because they have the ability to exempt income as “non-countable income” for purposes of eligibility requirements to ensure that people receiving GI are not adversely affected.
- **Hold harmless funds** are financial mechanisms designed to prevent guaranteed income from negatively impacting recipients’ eligibility for other forms of government assistance and public benefits as were mentioned above. The fund helps to reimburse individuals from any adverse impacts of the guaranteed income on their eligibility for public benefits, supports, or insurance mentioned above. Funds are structured to offset any reduction in benefits that would have occurred due to the additional income being counted, ensuring that recipients can fully benefit from both the guaranteed income and their existing public assistance.

Where can I get information about existing pilots?

- Click [HERE](#) for existing U.S. GI pilots in the U.S developed by the Stanford Basic Income Lab
- Click [HERE](#) for the Mayors & Counties for a Guaranteed Income End of Year Report 2023 including a list of Mayor’s for Guaranteed Income (MGI) pilots.

ADDITIONAL RESOURCES

- **The Guaranteed Income Blueprint, created through deep consultation with members of the Guaranteed Income Community of Practice (GICP)**
<https://economicsecurityproject.org/resource/gi-blueprint/>
- **Policy Lessons from Newark’s Guaranteed Income Experiment**
<https://drive.google.com/file/d/1CTae3S QxabkJHQXkN1wrKqhA4kDarPAM/view>

ROLE OF PHILANTHROPY

Guaranteed income is often considered a regular cash payment made by the government. However, philanthropic funders are playing a strategic role in advancing this evidence-based solution in four major areas:

- **Direct service** – test and refine what a scaled-up program could look like and its impact.
- **System and Capacity Building** –build the broader field to ensure continued learning and policy revision.
- **Funding Narrative Change** –reframe the way GI is viewed, to address concerns and negative pre-judgements, and expand understanding of how GI is used by media, networks, business and philanthropic leaders, elected officials, and influencers.
- **Policy Advocacy** –memorialize public funding in legislation and budgets to build the longer-term political sustainability of GI policies.
- **Research and Evaluation** –strengthen the case for cash by building needed evidence. Philanthropy can support research to answer essential questions about guaranteed income’s impact in such areas as mental health, goal-setting, and individuals’ ability to cope with financial shocks. Examples of key questions that still need to be addressed include:
 - Who does guaranteed income work best to increase economic security, to reduce debt, to expand future orientation, to preserve or increase assets, and to reduce episodes of poverty or economic duress?
 - What payment amount creates change for a given outcome? Does the amount change regionally? Is the relationship between amount and impact linear?
 - What impact does frequency of payments have?
 - How does guaranteed income interact with locator state existing tax policies, benefits, health insurance, and labor markets?
 - What infrastructure is required to scale a guaranteed income program?



CITATIONS

- 1. Guaranteed Income: A primer for funders** | https://assetfunders.org/wp-content/uploads/Guaranteed-Income_Primer-for-Funders_May-2022.pdf
- 2. AFN blog:** <https://assetfunders.org/blog/guaranteed-income-as-an-asset-building-tool/>
- 3. Poverty & Social Policy Brief | Monthly Poverty Rates among Children after the Expansion of the Child Tax Credit** | <https://economicsecurityproject.org/resource/funder-primer/#:~:text=Executive%20Summary,which%20no%20one%20can%20fall>
- 4. Stockton SEED** | <https://www.stocktondemonstration.org/#summary-of-key-findings>
- 5. The Guaranteed Income Pilots Dashboard** | <https://basicincome.stanford.edu/research/guaranteed-income-dashboard/>
- 6. Changing lives: ARPA funds Cook County guaranteed income pilot program** <https://www.naco.org/articles/changing-lives-arpa-funds-cook-county-guaranteed-income-pilot-program#:~:text=Applicants%20had%20to%20be%2018,Cook%20County%20residents%20were%20eligible>
- 7. U.S. GI pilots in the U.S developed by the Stanford Basic Income Lab** <https://basicincome.stanford.edu/experiments-map/>
- 8. Mayors & Counties for a Guaranteed Income End of Year Report 2023** https://static1.squarespace.com/static/60ae8e339f75051fd95f792e/t/65831bd96bb775626c8265e8/1703091162223/MGI_EOY+Report_2023_compressed+%281%29.pdf