Reweaving the Safety Net: The Best Fit for Guaranteed Income

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Acknowledgements: The authors would like to thank Sanoja Bhaumik, Rachel Black, Sara Constantino, Matt Darling, Charles de la Cruz, Sheida Elmi, Rob Hartley, Ioana Marinescu, Madhubala Pothula, and James Riccio for valuable feedback on earlier drafts of this paper. All errors are the authors' alone.

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Executive Summary

Reweaving the Safety Net: the Best Fit for Guaranteed Income

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This paper, the second in the Jain Family Institute's series, "From Idea to Reality: Getting to Guaranteed Income," considers the role a guaranteed income can play in our safety net. Despite years of activity and membership across the political spectrum, guaranteed income advocates have not, for the most part, offered definitive answers to this question. This suggests that while there may be broad agreement about the need for change, there may be considerably less consensus about the particulars of how a guaranteed income might work in practice. Thinking carefully about the optimal design of a guaranteed income policy demands that advocates pay closer attention to the problems our current safety net programs are designed to address, including irregular income, insurance against adverse events, and market failures, broadly defined. We identify relevant gaps in our knowledge and lay out how further research might address them. We then turn to guaranteed income's place in the safety net, categorizing existing safety net programs according to one or more problems they are designed to solve. Key arguments include:

Further empirical research is needed to determine the optimal form of a guaranteed income policy

- There is substantial evidence on the impacts of (unconditional) cash transfers, but few studies investigate the impacts of disbursement frequency. A guaranteed income might be offered in an annual lump sum (e.g. at tax time) or more regularly (quarterly, monthly, or biweekly). The choice of how often to disburse aid has important implications not just for administrative complexity but for recipient well-being. This is because households face two additional relevant financial challenges beyond income deficiency: the ability to maintain their consistent consumption needs in the face of potentially volatile income, often without access to mainstream credit products, and the ability to save for larger purchases (e.g. consumer durables) and investments (e.g. training and education).
- Moreover, for a given budget constraint, each dollar disbursed on a guaranteed income is one not spent on other necessary programs, so it is

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reasonable to ask about cost-effectiveness: what is the optimal benefit amount from a cost-benefit perspective? At what point ($3600/year? $7200/year? $12,000/year?) do decreasing marginal impacts per dollar disbursed suggest that the money may be better spent elsewhere? Here again, evidence is limited as there are few studies that directly compare the impacts of different transfer amounts.

Guaranteed Income is an income support program that works best when markets work well; it is a poor substitute for public insurance provision and may need to be paired with supply-side interventions

- Guaranteed income plays the role of income support better than targeted, means-tested, conditional policies currently in place in the U.S. Replacing programs like SNAP, EITC, and TANF will provide vital aid to those who currently fall through the cracks, and more generous, less-burdensome aid to current recipients of these programs.
- Targeted aid programs may, in theory, offer more substantial support to those who manage to gain access to them than what a guaranteed income might provide. In practice, each individual US income support program is fairly less generous, compared to programs in developed countries, despite targeting. But among the minority of households that receive three or more benefits, some could be made worse off by transition to a system that replaces all such programs with a guaranteed income. If we are dedicated to creating a system that leaves no household worse off this will require making difficult decisions—not least whether to leave a subset of these programs in place.
- Quasi-cash programs like Housing Choice Vouchers or Childcare Tax Credits may not only reflect the paternalistic attitude of policymakers, but also reflect recognition of market or policy failures that a guaranteed income cannot remedy. Cash benefits work best when and where markets function smoothly (such as current markets for food and clothing in the US). In cases where the market does not function smoothly, policymakers should consider supply-side interventions to maximize the effectiveness of cash support programs.
- For some events, like unemployment and disability, there are not commercially available insurance products available for households to purchase (with earnings or guaranteed income) and therefore the state has, or should have a role in providing such products directly. Guaranteed

income is a poor substitute for public insurance provision because credit and savings are a poor substitute for insurance products. While the average household might be better off in a given year under a hypothetical system that replaces UI or SSDI with a guaranteed income of the size typically discussed, “unlucky” households would not be. And every year brings another chance to become “unlucky.”

Summary

While a sufficiently large guaranteed income policy could, of course, address material hardship for low and middle income households, it may not be cost-effective, as discussed in this paper. Furthermore, a guaranteed income that is sufficiently large to replace even public insurance provision without causing harm is, at least for now, outside the realm of political possibility. In the face of this economic and political reality, serious advocates must consider instead where an unconditional cash benefit would do the most good and where other approaches and reforms to existing programs might be more efficient and feasible.

Introduction

Even before the Covid-19 pandemic, the deficiencies of the U.S. social safety net—with its patchwork of modest, targeted, means-tested, employment-conditioned programs—had become apparent. Limited government assistance has left the U.S. with the highest rate of post-tax poverty among the high-income countries, and with a financially fragile middle class; targeting means young adults, non-custodial parents, and others considered "undeserving"[1] fall through the cracks; means-testing imposes upfront burdens on the eligible that may discourage uptake and leads to delays and incorrect rejections; employment-conditioning punishes recipients for labor market conditions and can exacerbate economic downturns.[2] This system could be improved with tinkering. After all, Canada, the U.K., and other countries with similarly structured "liberal" welfare regimes[3] have managed to reduce poverty with more generous benefits, less onerous upfront paperwork, and gentler phase outs of means-tested benefits. But decades after the U.S. declared a War on Poverty, the ongoing stalemate has led to calls for a broader reconsideration of how we structure our welfare state. At the fore of such conversations are advocates for a national guaranteed income.

How would a guaranteed income—under which Americans would receive regular, unconditional cash transfers—fit into or improve our existing safety net? It helps first to understand the contrast between guaranteed income programs and the typical U.S. welfare program. Guaranteed income programs are universal rather than targeted; they are not conditioned on unemployment, training or other activities; and they utilize a "pay now, tax later" approach rather than employing upfront means-testing. This, however, describes a wide range of potential policies. The Alaska Permanent Fund Dividend (APFD) provides a single "lump sum" payment of between around $900 and $2,000 (in recent years) per year to permanent residents of the state.[4] Andrew Yang's proposed Freedom Dividend would provide monthly payments of $1,000 to every adult.[5] Both are forms of guaranteed income, but with divergent implications for how they would interact with other forms of welfare.

This raises a deeper question: what role can a guaranteed income play in our safety net? Despite years of activity and membership across the political spectrum, guaranteed income advocates have not, for the most part, offered clear answers to these questions. This suggests, perhaps, that while there may be broad agreement

about the need for change, there may be considerably less consensus about the particulars of how a guaranteed income might work in practice: what programs might it replace and what programs might it be paired with to maximize its impacts? Thinking carefully about optimal design demands advocates pay closer attention to the problems our current safety net programs are designed (albeit poorly) to address, including irregular income, insurance against adverse events, and market failures. A sufficiently large guaranteed income policy could play almost any role and solve most problems but would not be cost-effective. Furthermore, a guaranteed income that is sufficiently large to be all things for all people is, at least for now, outside the realm of political possibility. In the face of this economic and political reality, serious advocates must consider instead where an unconditional cash benefit would do the most good and where other approaches and reforms to existing programs might bear more fruit.

This paper, the second in the Jain Family Institute's series, "From Idea to Reality: Getting to Guaranteed Income," considers this very question. We start by reviewing the literature on different forms of cash assistance: what do we know about the optimal size and frequency of cash transfer programs? Which groups benefit most from varied approaches? Recent papers (e.g. Hoynes and Rothstein, 2019[6]) have noted that many basic income pilots have already been attempted, and new ones run the risk of duplicating prior work. We identify relevant gaps in our knowledge and lay out how further research might address them. We then turn to guaranteed income's place in the safety net, categorizing existing safety net programs according to one or more problems they are designed to solve.[7] We argue that guaranteed income programs are most effective as, and can replace, most income support programs, but will perform less effectively as a response to low risk/high cost events (as compared to insurance programs) or when markets function poorly. We further note that even where a guaranteed income might effectively replace an existing policy, any such change would require a generous transition period to ensure some recipients, those in households that receive multiple benefits, are not made worse off by universal but less generous aid. We conclude with a brief discussion of the implications of financing mechanisms and public opinion/political economy, both of which will receive separate treatment in future installments of this white paper series.

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Research and Evidence on the Form of Cash Transfer Policy

Decades of research on cash transfers, including but not limited to unconditional cash pilots and policies, have shown that recipients are made better off.[8] But this insight alone is not sufficient to develop an effective guaranteed income policy or to shape proposals for integrating a guaranteed income into a broader package of social safety net provisions.

We do not yet have a deep understanding of the sensitivity of the wellbeing impacts (e.g. housing stability, material hardship, mental and physical health) of GI programs to transfer amount or frequency, leaving important questions about the ideal structure of a guaranteed income policy. Further research on the effects of cash transfer policy could help determine what a cost-effective cash assistance policy would look like. To the extent that studies of guaranteed income can provide the precise and contingent estimates necessary for cost-benefit analysis, they are valuable to policymakers and scholars alike. Hoynes and Rothstein (2019) note, however, that empirical research done so far, including the recent spate of basic income pilots, is ill-equipped to provide these answers. Pilots can, however, help us answer important questions about optimal design. Below we describe the state of the literature and recommend further research, including pilots, to address the gaps.

Differential effects based on transfer sizes

Transfers in high-income economies, such as the Earned Income Tax Credit (EITC), casino dividends, or conditional cash transfer pilots, have been found to improve health,[9] to increase educational attainment and labor market outcomes,[10] and to lower criminality and recidivism.[11] New York City's conditional cash transfer program from 2007 to 2010 led to reduced financial hardship and increased graduation rates for 9th graders entering high school.[12] However, there is limited evidence on the household-level impacts of a more substantial unconditional income support policy.

While larger cash transfer programs have been implemented in the developed world, the results, unfortunately, are either preliminary, or limited due to the specific context and target population. For example, Finland's Kela program was an experiment (often described in the media as a "basic income" study) involving a random sample of unemployed individuals receiving unemployment benefits for reasons other than a temporary layoff. Preliminary results from the first year of the program show that the program did not have any effect on employment status during its first year. The recipients had significantly fewer problems related to health, stress, and ability to concentrate, and had higher levels of generalized trust of people and politicians. Since the purpose of the basic income, in this instance, was to replace the unemployment benefits, the control group more often received other benefits from Kela than the basic income recipients, blurring the treatment effect.[13] Another sizable recent pilot is Ontario's basic income pilot, commenced in 2017 but prematurely cancelled in 2018 by the new government. While there are some survey results on improved agency,[14] social connection, education, and employment, and reduced anxiety,[15] no robust evidence has been published on the impacts of the program. The Stockton Economic Empowerment Demonstration (SEED), another "basic income" pilot, is underway,[16] but the small sample size in the study limits its power to detect a wide range of effects or estimate them precisely.

More important, to understand how responses vary with cash transfer levels, we need to pay more attention to the effect sizes themselves, not just the direction of outcomes. We cannot assume linearity of effects with larger disbursements: larger cash transfers through a basic income can have different non-linear effects for credit- and savings-constrained households. It is difficult to piece together a response curve from disparate studies given contextual differences, and differences in program design across the various small transfer and large transfer studies. Researchers would ideally base such analysis on internally valid multi-armed studies, where response to variation in transfer size is studied within the same context. Unfortunately, few such studies exist. In a review of both conditional and unconditional cash transfers in developing countries, Bastalgi et al (2016)[17] identified only 41 out of 201 studies that focused on core design features and only 15 that could shed light on differences based on transfer sizes specifically. The one study that explicitly explores the sensitivity of impacts to transfer size is the GiveDirectly Unconditional Cash Transfer program in Kenya between 2011-2013. That program demonstrated that the treatment effects for large versus small transfers are somewhat less than proportional in most categories, suggesting decreasing returns to large transfers overall.[18] The

proportionality of effects may, however, vary on different outcomes in developed contexts, and demands further study.

Examining the differential impact of transfer sizes is important for public policy, where opportunity costs make it crucial to understand which transfer magnitudes yield the highest returns per dollar spent. For example, if evidence suggests that we can achieve 80% of the benefits with 50% of the transfer magnitude, policymakers can better assess the policy alternatives—in other words, whether a guaranteed income is the best mechanism available for alleviating poverty and, if so, up to what cost. Furthermore, determining whether households' response curves are convex or concave (or simply put, whether there are increasing or decreasing returns to each additional dollar given) is key to the debate over the existence of poverty traps.[19]

Differential effects based on payment frequency

Research on payment frequency is similarly scant. Despite what the "permanent income hypothesis" would suggest, low-income households are rarely able to smooth their consumption due to volatile income and limited access to financial products like savings accounts.[20, 21, 22] An understanding of the impact of recurring vs. lump sum payments, for example, would be crucial in ensuring the success of any guaranteed income. Existing evidence from Kenya's unconditional cash transfer program indicates that the frequency of payments affects how recipients spend the transfer: more frequent payments are likely to improve consumption smoothing, while less frequent payments are likely to be spent on large assets.[23]

Though most cash studies typically have a single payment schedule,[24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36] some limited evidence exists that transfer schedules impact recipient expenditures. On consumption and investment outcomes, high frequency transfers, loosely defined here as monthly or biweekly, are more likely than lump-sum transfers to improve food security and to smooth consumption.[37, 38, 39, 40] Low frequency transfers, such as annual or bi-annual payments, are more likely to be spent on durables, suggesting that households face savings and credit constraints,[41, 42, 43] and may consume more non-durables the month of disbursement.[44]

Evidence from the U.S. Earned Income Tax Credit program (EITC) may shed light on frequency's impact in high-income economies. EITC recipient households

often have limited access to liquidity, such that even a short delay in income payments leads to notable changes in spending.[45] Studies of EITC spending find that recipients allocate most of this income to savings, debt repayments, vehicle purchases, transportation, education investment, and housing.[46, 47, 48, 49, 50] Evidence from the Chicago EITC Periodic Payment Pilot indicates that periodic payments reduce perceived financial stress,[51] diminish debt accumulation and late fees, and improve mental health.[52] This indicates that credit and savings constraints exist in developed country contexts as well, and deserve more study.

Where further research can help

While many key questions about guaranteed income policy cannot be effectively addressed through further pilot research (e.g. macroeconomic/general equilibrium effects, the subject of a future paper in this series), well-designed pilots can, perhaps, offer our best window into the implications of variations in policy design. Multi-armed studies comparing participants assigned to receive high and low frequency payments, larger and smaller payments, or combinations of the two should be the highest priority in the next wave of guaranteed income research. The (de)merits of high frequency or low frequency disbursement schedules, as noted, may depend on whether recipients face credit and savings constraints that may be addressed by other programs available in the area.[53] (This is, of course, also worth considering when proposing a national policy: might the problem solved through altering disbursement schedules be better solved through other policies?) Further such pilots with large sample sizes can also elucidate differences in impact across subpopulations of interest, such as returning citizens/ex-offenders and the housing insecure/formerly homeless, or explore interactions between cash and other policies (e.g. job training/placement). These exercises in filling in the gaps should not take long and certainly should not preclude parallel, ongoing efforts to implement guaranteed income policy at the state or federal level. While we have not yet established the optimal form of a guaranteed income policy, we have, as noted, already established its effectiveness.

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Relationship between GI and other programs in the social safety net

What programs do we anticipate replacing with a guaranteed income, and when does cash fail to be cost effective in comparison to other approaches? To answer those questions, we need to study more closely the roles our existing programs are designed to play. Below we categorize most existing federal and state-administered welfare programs as providing either primarily "income support" or "insurance." We argue that guaranteed income policy is, in abstract, the best way to provide income support, meaning that our safety net could be improved by replacing some or all of the policies in this category. However, the idiosyncrasies of each program—coverage, cost, depth of assistance, and benefits calculations—mean that some existing programs may better be left in place, maintained as legacy policies, or phased out slowly to avoid harming those who rely heavily on them. Those programs in the insurance category, which provide a buffer against unpredictable and acute income or cost shocks, cannot be effectively replaced with a guaranteed income policy (though they might require other reforms). Nevertheless these policies may function more effectively when paired with a guaranteed income. Social Security Disability Insurance (SSDI), in particular, may currently serve as an ersatz income support program for a subset of participants, placing a larger administrative burden on all participants. In this section we give an overview of different welfare programs with a specific eye towards whether their infrastructure could be used as the basis of GI programs. We treat programs that primarily serve as income support and social insurance measures separately and differently given their different roles in the safety net.

Income support programs

Guaranteed income policies, as usually described, most naturally fill the role of "income support." Income support programs provide cash or quasi-cash payments to supplement employment income, smooth consumption, and reduce material hardship. Unlike insurance programs (see below), these programs may provide

long-term and continuous support. That support may be sufficient for basic needs, but generally cannot fully compensate for the (sudden) loss of other income sources. The U.S. social safety net includes a variety of income support programs that might be replaced by a single guaranteed income policy to the net benefit of current recipients and non-recipients alike. But the narrow targeting of some more generous benefits means that some populations would suffer in transition to a universal but relatively less generous cash policy. Below we lay out the advantages of guaranteed income over the current system of targeted, means-tested, conditional, and restricted use aid. We then discuss the features of specific programs before laying out a recommendation.

There are policymakers and scholars who would like to see the US system reformed by, for example, streamlining the application process, or tweaking means-testing formulas to produce a more gentle phase out or provide more generous payments. Those who advocate for guaranteed income policies do so, however, not simply because existing income support programs are administered poorly, are too modest, or are structured suboptimally. Rather, they reject the assumptions that underlie them: that aid should be narrowly targeted, means-tested prior to disbursement, conditional on labor market activities, and restricted in use. These features render millions ineligible for vital aid; effectively cut off support even for many who are, on paper, eligible; impose significant "administrative burdens" on recipients;[54] and mean that they may not be able to effectively use the aid that is given. While there are empirical questions about labor supply effects, GDP, and more that may underlie disagreements between guaranteed income proponents and opponents, at root there are also philosophical differences about the rights and responsibilities of citizenship and about the deserving and undeserving poor.[55] The latter are beyond the scope of this document. Instead, for the purposes of argument, we assume that income support programs that are universal, unconditional, and unrestricted in use (i.e. cash) are the ideal toward which we are working. This does not imply that there are no trade-offs to this approach, nor that this ideal is fully attainable. Rather it is the lens through which we examine the specific policies discussed below.

EITC

The Earned Income Tax Credit is the largest and perhaps most effective income support program in the U.S., providing roughly 63 billion dollars to about 25 million recipients in 2019.[56] The EITC is unique among income support policies in

that it is designed with a "phase-in" to incentivize work:[57, 58] the benefit cannot be claimed if earnings are too low, increases for a time as earnings grow, and then levels off before eventually phasing out like the typical means-tested benefit. This trapezoidal structure is, not surprisingly, the subject of criticism for guaranteed income advocates.[59, 60] While there is some disagreement as to whether the phase-in is effective in increasing workforce participation on the extensive margin (the choice to work at all),[61] the phase-in clearly locks aid behind labor market outcomes that are at least partly outside the control of potential recipients. As noted above, this means the EITC may fail as an economy-wide stabilizer during periods of economic recession.

A separate feature of the EITC that has faced criticism from guaranteed income proponents and opponents alike is its provision as a yearly lump sum payment at tax time, because this can hinder consumption smoothing. Indeed, guaranteed income is often presented with regular (e.g. biweekly or monthly) payments as a core feature. We have argued, however, that it is premature to assume that smaller, more frequent payments are optimal. Regardless, a frequently dispersed EITC or guaranteed income would generate a host of operational challenges[62] and require substantial upgrades to our cash disbursement infrastructure as detailed in part in our previous paper in this series.[63]

For these reasons, among others, we believe that EITC recipients would be better served by a guaranteed income. But it is worth considering some of the associated complications of such a transition. First, removing a program that (likely) increases labor force participation and replacing it with one that modestly decreases work incentives could increase wages.[64] This has obvious advantages for those who remain employed and benefit both from the guaranteed income and increased compensation, but temporarily could lead to increases in involuntary unemployment, price inflation, and a negative impact on GDP growth. The ultimate magnitude (even the direction) of these potential macroeconomic effects is the subject of ongoing research and of a future paper in this series. Second, 28 states states and two cities (New York City and Washington D.C.) offer their own EITC programs.[65] And while the eligibility and trapezoidal nature of these programs vary, each defines their benefit as a percentage of the federal EITC benefit received. In other words, a move to replace the federal EITC with a guaranteed income program would create an implementation challenge that would require action at the state level to remove, reform, or convert their own EITC policies.

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SNAP and WIC

Along with the EITC, the Supplemental Nutrition Assistance Program (SNAP, commonly referred to as "food stamps") is perhaps the most important income support program with roughly 40 million recipients and 60 billion dollars in yearly expenditures.[66] SNAP and a similar but more narrowly targeted program, the Special Supplemental Nutrition Program for Women, Infants, and Children (commonly referred to as "WIC"), are commonly discussed by guaranteed income advocates as programs in need of replacement.[67] It is easy to see why. Both programs require burdensome upfront means-testing, with SNAP recipients facing an additional asset test beyond the requirements of most means-tested programs (though some states waive the asset test). Since both programs are state-administered, state governments have some flexibility to determine restrictions on both type and location of purchases. This can lead to confusion and seemingly absurd scenarios, especially with WIC, which is typically more restricted in use (e.g. beans can be purchased canned but not if they are "immature legumes"; goat's milk can be purchased at the discretion of states; hard boiled eggs are "prepared food" and thus ineligible, etc).

But even discounting particular excesses, the basic structure of the benefit is paternalistic, sometimes absurdly; one need only consult federal guidance documents like, "WIC Policy Memorandum #2015-3, Eligibility of White Potatoes for Purchase with the Cash-Value Vouchers."[68] While the moral case against this paternalistic posture is outside the scope of this document, the empirical evidence in support of it is lacking. Decades of research on unconditional cash transfers (guaranteed income or otherwise) has consistently demonstrated that providing unrestricted aid does not lead to gambling, drug use or profligacy. In fact, some studies show that providing cash can reduce such behaviors, presumably because it alleviates the financial stresses that generate them.[69] Finally we note that despite the recent attention to unconditional/less conditional cash assistance on the political left (e.g. the push for a child allowance), SNAP programs are currently headed in the opposite direction. States may impose work and training requirements (e.g. through the SNAP Employment and Training program) on a subset of participants, and the Trump administration has recently attempted to impose strict work requirements, time limits, and short compliance windows on "Able Bodied Adults Without Dependents" (ABAWDs). These threaten to reduce the beneficiary population in a given year by hundreds of thousands.[70]

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The case for replacing SNAP and WIC is, as expected given their prominence in the discourse, therefore quite clear for guaranteed income advocates. But it is worth noting that the infrastructure developed (such as those developed by the state EBT systems as well as private systems developed by GiveDirectly and PROPEL, as discussed in our previous paper[71]) to disburse these benefits could be put to good use as part of guaranteed income policy. Both SNAP and WIC (and in some states Temporary Assistance for Needy Families (TANF)) are delivered through an electronic benefits transfer (EBT) card that is reloaded monthly. Eliminate the hoops required to enroll, the spending limitations, and (increasing) sets of conditions, and you are left with a system that delivers aid automatically to tens of millions monthly (i.e. "SNAP for All"). That could serve as the backbone of a guaranteed income system—and any reform effort should consider seriously leaving such infrastructure in place.

TANF

Temporary Assistance for Needy Families is a cash welfare program, but any similarities to guaranteed income policy end there. TANF is heavily means-tested and narrowly targeted to families with dependent children; the vast majority of recipients are single mothers with children. It also has strict time limits (5 year lifetime maximum recipient) and work/training requirements. These features were argued to be key to ending, "welfare dependency," and generating self-sufficiency when signed into law as part of "The Personal Responsibility and Work Opportunity Reconciliation Act of 1996."[72] These features also mean, however, that, like EITC, TANF does not work well during recessions.[73] This is, in part, because it is implausible that recipients will be able correctly allocate their 5 years of lifetime benefits in alignment with the business cycle. As a case in point, note that we have had two "one-in-a-century" recessions in the last 12 years.

The original research on welfare dependency that provided the impetus for reform has, furthermore, been called into question. Static snapshots of welfare caseloads showed large pluralities of households that had depended on TANF's precursor, AFDC, for 5, 10 or 15 years. But analysis of individual entry cohorts later showed that the vast majority of recipients received AFDC for short periods before means-testing out of the program. It was only a small fraction of each new cohort that accreted, leading to the misleading impression of widespread induced "dependency," a classic "stocks versus flows" misinterpretation.[74] In retrospect, and given what we know about the labor response to cash transfers, it is not

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surprising that the dependency narrative was flawed. The income[75] and substitution effects[76] associated with cash transfers suggest a modest decrease in hours worked, largely concentrated among secondary earners. While it is true that the effect might be more pronounced among those with limited earnings potential, we should be skeptical of the claim that a cash welfare policy, particularly one that was not overly generous, would lead to many or most recipients abandoning work. More importantly, we should question the notion that the perceived efficacy of our safety net should depend on whether a small minority abandons work on receipt of a cash benefit.

Federal funds for TANF, unlike under its predecessor, are disbursed as block grants to states. The states are, in turn, empowered to spend these funds either to provide cash welfare assistance or to promote marriage, self-sufficiency, and employment.[77] This structure incentivizes states to reduce their welfare caseloads (perhaps by steering recipients to federal programs like SSDI, see below) to free up resources for self-sufficiency programs. As a result only around 21 percent of TANF block grant and state a maintenance -of-effort funds now go to providing direct cash assistance,[78] a situation that even some of the architects of TANF have noted with regret.[79] Furthermore, the block grants are fixed in size at $20 billion dollars and not inflation-adjusted. In the 24 years since the program's inception, Congress has not revisited this amount.

The same structures that make TANF a prime target for replacement with a guaranteed income program are, perhaps ironically, those that would make the transition straightforward. Simply put, very few households receive TANF support and, given the trends noted above, its impact declines with each passing year. At this point, ending TANF is more likely to raise objections among states than among the very few households it benefits. For those that do receive TANF, the benefits range from roughly $3600 yearly (e.g. in Texas) to roughly $13,000 yearly (e.g. in New Hampshire) for a family of 3.[80] This is well below the levels generally discussed when considering the size of a guaranteed income policy, so families are unlikely to receive less generous assistance. The main difficulty for reform would be the state-specific programs designed to augment TANF support. For example, New York state created the Safety Net Assistance program (SNA) to cover households that do not otherwise qualify for TANF or that have reached the lifetime benefits maximum but, at least according to the state, deserve continued support. Ending TANF would require working with states to transition these populations to the new guaranteed income benefit.

SSI

Supplemental Security Income is a federal policy that provides cash assistance to individuals that are either elderly, blind, or disabled and have limited income from earnings, Social Security Disability Insurance (SSDI), or social security benefits. In practice this means that SSI serves to compensate households for the insufficient aid they derive from public insurance (see below). That suggests two possibilities for building a stronger safety net. The first is simply that benefits like SSDI or SS be made more generous. This targeted approach would be the cheapest option. The second is that SSI be replaced with a guaranteed income. The maximum yearly SSI benefit for individuals is around $9,500 dollars—roughly the same magnitude of most guaranteed income proposals. As SSI is a household rather than individual benefit, couples benefits max out at roughly $14,000 plus $4,750 for additional, "essential persons."[81] In practice, therefore, the typical recipient household might be the same or better off under a transition to an individual-level guaranteed income, but with single adults potentially made worse off if the guaranteed income benefit isn't substantial. We discuss this further below in the "multiple benefits" section.

Housing vouchers, public housing (and childcare subsidies)

Unlike the income support programs discussed so far, housing and childcare support programs are also meant to address specific market failures.[82] Housing Choice Vouchers (often referred to as "Section 8" housing support) and public housing provide housing-specific income support because housing costs, especially in large cities, have outpaced growth in earnings for decades. Part of the blame lies with the relative inelasticity of the housing supply; the high fixed costs of construction and market concentration among developers and landlords mean that supply meaningfully lags demand. But policy, too, bears responsibility: restrictive land use rules, zoning, and concerted efforts by locals to oppose any new construction in their neighborhoods (so called, "NIMBYs"). Childcare costs have risen substantially over the last several decades not in response to any changes in the underlying "technology" or in productivity but rather because childcare employers must raise wages to compete with industries where productivity has increased, a classic case of "Baumol's cost disease."[83] In our judgment, these failures do not mean guaranteed income cannot be effective in addressing costs in these markets/spaces. Rather they suggest that guaranteed income, a demand-side intervention, should be paired with supply-side policies

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for maximum effect. Ensuring that the costs of childcare and housing remain reasonable through public provision (e.g. social housing and public childcare) or regulatory reform (e.g. zoning reform) will maximize the value of the cash transfer benefit and ensure that landlords and providers capture less through inflation. Housing Choice Vouchers, public housing, and childcare credits have many of the same problems observed in other benefits programs: heavy means-testing, high administrative burden, and limited efficiency due to the use of quasi-cash/in-kind provision. Moreover, public housing support is not an entitlement: the Department of Housing and Urban Development (HUD) provides funds within its budget with no guarantee that all who qualify will receive aid. In fact only roughly 1 in 4 or 5 eligible households receive public housing housing assistance.[84] This has created years-long waiting lists for aid. It has also produced what is perhaps the most severe benefit cliff in the U.S. safety net: earning off public housing benefits means losing access to the benefit for potentially a decade or more. Given the uncertain nature of employment and easily-grasped consequences of earning "too much" the program creates a strong incentive not to work that policymakers have wrestled with for years.[85]

That public housing support is not an entitlement may, as with TANF, seem a point in favor of removing the program: after all, if few benefit from the program then perhaps it can be removed without creating much hardship. The federal government only spends about $20 billion dollars per year on all existing housing support programs combined, so they are quite "small." But these small programs nevertheless provide critical aid to those who manage to enroll. The Housing Choice Voucher subsidy value, for one, averages over $9,000 per year nationally and in high-cost cities like Los Angeles can be as high as $25,000 per year for a two-bedroom apartment.[86] And it is important to recall that public housing benefit recipients are likely to be receiving other income support programs (e.g. SNAP) also eligible for replacement by a guaranteed income. One possibility is to leave the program as is (or even transform it into an entitlement). This would not be in keeping with the spirit of guaranteed income policy but the savings and simplicity may not be worth the resulting disruption. Ending Section 8 and public housing support would only save $20 billion ($80-100 billion if an entitlement) and thus contribute little to financing a guaranteed income (the subject of a later paper in this series). Another option would allow current housing voucher recipients to continue receiving the benefit as part of a legacy program even as no new vouchers are issued and no new public housing slots are created. (Such a proposal would create its own administrative headaches, such as whether vouchers are transferable to next of kin.) Finally, since the subsidy value of the voucher depends on the fair market value of housing in particular areas, those made worse

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off by ending public housing aid would be concentrated in tight/expensive housing markets. This could, presumably, be addressed by tying the value of the guaranteed income benefit to local or regional cost of living. But it would, in turn, increase the cost of the program potentially beyond the cost of simply leaving public housing support programs in place.

The multiple benefits households dilemma

Above we discussed several income support programs separately and argued that most could be productively replaced with a guaranteed income policy. But we also hinted at a complication in the form of households that receive multiple benefits. Most low-income households with children (<200 percent of the federal poverty line) receive 2 or fewer benefits (among those that receive 1 or 2 benefits almost all receive SNAP and/or public health insurance) but about one third receive 3 or more. Among poor households (<100 percent of the federal poverty line) that number grows to about half. These additional benefits are not necessarily large (though they may, for example, include housing assistance or SSI) but together they may represent a substantial fraction of household income.[87] For such households, the transition to a single guaranteed income program could have meaningful implications good and bad. On the one hand, such households face multiple benefits cliffs and high implicit marginal tax rates due to the interaction of the means-testing formulas of each benefit. This means lots of additional paperwork, and confusion over tax rates and program eligibility. They must also interact with several separate program bureaucracies. Replacing multiple programs with a single program could greatly reduce their imposed administrative burden, reduce "churn,"[88] and depending on program financing choice, reduce or eliminate the implicit marginal tax on their earnings. On the other hand, such households are the "winners" of our existing safety net. While most households receive little or no aid, some such households can receive substantial benefits. While a guaranteed income might effectively replace one benefit or another, the loss of several benefits in favor of one could make these households worse off. How then can we transition to a system that makes the majority who do not benefit from the status quo better off without harming the minority that do? As with Housing Choice Vouchers, the solution might be patchwork: leaving small but consequential policies in place; shifting to legacy programs for current recipients; creating regional Cost of Living Adjustments, or targeted cash supplements to particularly needy households on top of a base guaranteed income. All of these violate the spirit of the guaranteed income

movement but may be necessary compromises to bring a guaranteed income into being.

Section Summary

Our tour of the various federal and state-administered income support programs shows that there is a compelling case to replace most individual means-tested, targeted, conditional cash, and non-cash policies with a guaranteed income. But it has also surfaced two important complications that guaranteed income advocates should consider.

The first is that for a given revenue targeted aid programs may, in theory, offer more substantial support to those who manage to gain access to them than what a guaranteed income might provide. While any given benefit may be less than guaranteed income offered, the combination may not be. If we are dedicated to creating a system that leaves no household worse off this will require making difficult decisions—not least whether to leave a subset of these programs in place. The second is that quasi-cash like vouchers or tax credits may not only reflect the paternalistic attitude of policymakers, but also reflect market or policy failures that a guaranteed income cannot remedy. Cash benefits work best when and where markets function smoothly. In cases where the market does not, policymakers should consider supply-side interventions to maximize the effectiveness of cash support. And if market failures are sufficiently large, it may be better to engage in direct wide-scale service provision. Guaranteed income advocates can and do debate whether, for example, the failures of the housing market would require direct housing provision (public housing construction) in addition to property tax and zoning reform or whether public childcare/preschooling should expand or become universal. This debate is outside the scope of this paper. In our next section, however, we describe a particular type of market failure (or absence, really) that most agree requires some direct public service provision.

Public Insurance Provision

Above we argued that guaranteed income, though by no means seamlessly, might serve as an effective replacement for many of the income support programs that comprise our safety net. But the term safety net also conjures up images of a particular set of interventions: those that “catch” an individual or household after a sudden, unexpected, and potentially disastrous “fall.” In such cases, we argue

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that guaranteed income would be an ineffective replacement. Our argument is two-fold: borrowing and savings are a poor substitute for insurance. Incomplete insurance markets mean that there are not commercially available products available for households to purchase (with earnings or guaranteed income) and therefore the state has a role in providing such products directly. We discuss the largest social insurance program, Social Security, as well as Medicare/Medicaid, SSDI, and UI below and discuss how a guaranteed income might interact with them rather than serve as a direct substitute.

Insurance products buffer against highly damaging low-probability events (e.g. a car crash) or those with uncertain timing (e.g. death). This can include death, injury leading to substantial medical costs or loss in earnings potential, job loss, major automobile repair, or the like. The combination of a sudden rise in expenditure and decrease in income can devastate families that cannot effectively insure against them[89] and lead to severe material hardship. For those households with sufficient income and credit access it is possible to buffer against smaller shocks through the use of emergency savings and credit. Those with more limited income may be forced to rely on “fringe banking” services. Credit markets for the poor include payday lenders, pawn shops, car title loans, and other secured and unsecured debt instruments that feature extremely high effective interest rates and can trap borrowers in cycles of debt.[90] Larger income or cost “shocks” can, however, quickly outstrip the ability of most households to buffer against through credit or savings. Medical bills can, for example, run into the tens or hundreds of thousands of dollars. The wealthiest households might be able to save enough to guard against the possibility of the temporary loss of a six figure salary or a million dollar pregnancy complication but this would be an inefficient use of their resources, requiring setting aside tens of thousands of dollars in savings yearly to guard against events that may never occur and that may be difficult or impossible to anticipate. Instead, when available, it makes sense to purchase insurance against such events. Insurance spreads the risk across a larger pool of individuals/households meaning that any given insured unit only has to pay a (relatively) small premium to hedge against the risk of a large shock.

If affordable, adequate insurance products were available to protect against all of the most common negative shocks, guaranteed income would be sufficient on its own to solve problems in this space. Poorer households could use their expanded income to build savings or establish mainline credit accounts to guard against smaller adverse events. And such households could use a portion of their guaranteed income benefit to purchase private insurance policies that may have previously been too expensive. Again, when markets are working, simply

providing cash assistance is the most efficient way to aid households. But whether because of asymmetries of information, difficulties in assigning probabilities to particular events, or creating terms that allow a profit when offering a product to the general public, insurance markets are "incomplete."[91] There are no private insurance products that allow households to (completely) hedge against unemployment or permanent disability. And although there are private medical insurance products, the market effectively excludes a subset of high risk households as uninsurable. Here guaranteed income fails as an efficient solution to the problem of risk management. There are no appropriate insurance products to buy with an augmented income. And while a sufficiently high guaranteed income can protect against many negative life events, the level at which a guaranteed income would have to be set would generate extreme expense compared to a program structured as an insurance product. The state can more effectively solve the problem of insuring against low-probability adverse events by directly providing a public insurance option as part of an existing if flawed private market or means to fill in a gap where such markets do not exist.

Unemployment Insurance

Unemployment Insurance (UI) offers temporary aid to workers in covered occupations[92] who lose their jobs unwillingly (i.e. workers cannot qualify for benefits if they quit). The base benefit is calculated by averaging workers' earnings over their most remunerative quarter (13 weeks) over the previous year of employment and dividing by two, subject to a cap that is set by each state. Thus, workers would receive a 50 percent wage replacement if the benefit were not capped. But since UI is a state-administered benefit and states have considerable discretion in setting this cap, the effective average replacement rate varies considerably by location. For example, the weekly cap in Alabama is $275 per week regardless of previous earnings while New Jersey offers up to $713 per week. Caps in many states are sufficiently low that full time workers earning the $15 federal minimum wage favored by Democrats would not be able to receive a full 50 percent wage replacement. Although the maximum length of the unemployment benefit can be extended by the federal government during recessions, most states default to a 26-week maximum benefits period during which a recipient is expected to continue to search for work and accept viable employment offers. Here, too, the states have some discretion and a small number of them (e.g. Florida and North Carolina) have chosen to set the maximum length of benefits receipt at 12 or 13 weeks.

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By European standards, the U.S. UI system is less generous both in terms of maximum benefits length and effective wage replacement rate.[93] And the difficulty in implementing aid through the state UI systems as part of the CARES Act, as outlined in our previous white paper,[94] revealed the system to be poorly administered and in need of reform. Some reform proposals suggest expanding UI to permanently cover contractors and the self-employed (as the CARES Act temporarily allowed), extending the generosity and length of benefits, and federalizing its administration (i.e. ending the system of state discretion).[95] Some scholars argue that, far from encouraging unemployment and hurting the economy, longer and more generous benefits (at least as compared to the U.S. baseline) would improve employer-employee match and create more stable and productive employment arrangements, a net benefit to the economy.[96, 97]

That the U.S. Unemployment Insurance system is suboptimal does not, however, suggest that a guaranteed income could replace it without causing harm. Consider again the examples of Alabama and New Jersey. An unemployed individual in Alabama can receive up to $7,150 over 26 weeks (max benefit of $275 per week); in New Jersey a recipient could get $18,538 over 26 weeks (max benefit of $713 per week).In contrast, the guaranteed income policies typically proposed offer benefits of $6,000 to $12,000 yearly. Table 1 provides examples of the net gain or loss for individual workers under various replacement scenarios where UI is removed. The top part of the table shows the net impact for workers at the income threshold for maximum UI benefits in low (Alabama), medium (New York), and high (Washington) benefit states. The bottom part of the table shows the net impact for workers with salaries set at the federal poverty level for a family of three, the national median salary, and 200 percent of the federal poverty line. For each we consider unemployment spells of 13, 26, and 52 weeks (the latter only currently possible under an extension during a recession). Note that even in “green” cells, worker income will be down relative to their income had they not experienced unemployment.

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Table 1: Comparing Unemployment Insurance and Guaranteed Income—A Hypothetical Scenario

			$6000 annual GI - UI benefits			$12000 annual GI - UI benefits		
	Income threshold for max UI	Weekly UI benefit	13 weeks	26 weeks	52 weeks (recession)	13 weeks	26 weeks	52 weeks (recession)
Alabama	$28,600	$275	$2,425	-$1,150	-$8,300	$8,425	$4,850	-$2,300
New York	$50,400	$504	-$552	-$7,104	-$20,208	$5,448	-$1,104	-$14,208
Washington	$82,000	$790	-$4,270	-$14,540	-$35,080	$1,730	-$8,540	-$29,080
			$6000 annual GI - UI benefits			$12000 annual GI - UI benefits		
	Income	Typical weekly UI benefit	13 weeks	26 weeks	52 weeks (recession)	13 weeks	26 weeks	52 weeks (recession)
FPL for family of 3	$21,720	$217	$3,179	$358	-$5,284	$9,179	$6,358	$716
National Median	$33,700	$337	$1,619	-$2,762	-$11,524	$7,619	$3,238	-$5,524
200% FPL for family of 3	$43,440	$434	$358	-$5,284	-$16,568	$6,358	$716	-$10,568

In a world where UI was replaced by a guaranteed income of that magnitude, many workers in most years might be better off than under the status quo, ex ante. Those who experience no unemployment or only a brief unemployment spell would receive an income stream that could compensate them for the loss of UI coverage. And those with very low incomes, for example minimum wage workers in Alabama ($7.25 per hour, $145 per week benefit) receive little from the UI system anyway. But workers who experience unstable employment leading to multiple or long unemployment spells and those who earn somewhat more (even those earning $15/hour, well within the "working class") could be harmed by this arrangement. And the relative harm would grow during recessions as workers further up the income distribution faced layoffs and average length of unemployment spell grew.[98]

Table 1 demonstrates that a household of one experiencing a long unemployment spell, especially one located in a more generous state, could suffer under this arrangement—even with the more generous $12,000 annual guaranteed income. Of course, workers do not all live in households of size 1. A guaranteed income would go to everyone including children, students, stay-at-home parents, and

other income earners in the household. Larger households, especially those with a single earner—since each earner has a chance to experience an unemployment spell and the chance of simultaneous spells may increase during recessions—could be better off (at least in terms of net income) than Table 1 suggests. But even this would depend on length, location, and prior earnings. For example, a single parent of two children with income at the federal poverty line (the first row of the bottom half of the table) would be better off with a $6,000 annual guaranteed income ($18,000 to the household) and no UI, even if experiencing a year-long unemployment spell, but the same family at 200 percent of the federal poverty line would not.

Overall, replacing an insurance program with an income support program has the effect one might expect: the average household might be better off in a given year even as the "unlucky" suffer. Of course, every year would bring another chance that a household finds itself the loser of this lottery. Households at risk of being losers under this arrangement could buffer against potential losses by building emergency savings and clearing debt to prepare for hard times. But insurance exists precisely for protection against unpredictable events. It places a serious burden upon individuals to ask them to predict the state of the economy over the next several years, the chance that they might lose their job, the likely length of time that it would take them to find a new one,[99] the eventual replacement salary they might receive, and even their future household size. Ultimately most of us would miscalculate in the face of such uncertainty. A sufficiently large guaranteed income could, of course, solve this problem; if even $12,000 annual guaranteed income is not sufficient to ensure all households are better off than under the status quo ante, why not an $18,000 or $24,000 benefit? But setting up a continuous income stream large enough to hedge against rare but catastrophic events would mean enormous expenditure of resources that could, in our judgment, be better spent elsewhere. Note that the federal and state governments typically spend less than $100 billion dollars per year on unemployment compensation.[100] Even instituting a more robust "European-style" UI system would be considerably cheaper than expanding a guaranteed income beyond the amounts typically proposed. Far simpler and less expensive to continue to provide unemployment insurance alongside a guaranteed income.

The discussion of the different roles guaranteed income and UI play in ensuring the wellbeing of U.S. residents is also relevant to the debate, common on the left, over guaranteed income and jobs guarantees. While sometimes discussed as purely a matter of political palatability, the programs are often framed as rival policies. In truth, each solves a very different problem and stands to benefit a

different subset of the population. A Jobs Guarantee is closer in structure to Unemployment Insurance: an employment option that is always available to individuals who have lost or who cannot obtain employment in the private sector. The details of various Job Guarantee proposals vary: they may be offered as a last resort to those who reach maximum unemployment benefits, they might be freely available to all workers at any time, even those who quit their jobs, in order to pressure private employers to offer more generous benefits; they might be temporary cyclical positions or permanent.[101] Regardless, a job guarantee offers direct aid only to those who are part of the workforce and who would otherwise be unemployed. Non-workers would not benefit except indirectly (from other workers in their households); workers could benefit from the guarantee indirectly (wage/benefit pressure) and would benefit when they would be otherwise unemployed and from the insurance value of the guarantee (allowing them to forgo emergency savings/debt reduction in fat years). The Job Guarantee would also presumably include a living wage and benefits like health insurance, meaning that those who received employment through the program might receive tens of thousands of dollars in aid yearly. There are many debates about whether a Jobs Guarantee would make for good policy, with detractors deriding it as workfare. But the details of that controversy need not concern us here. It is clear that typical Jobs Guarantee proposals would offer more substantial aid than a guaranteed income but to a small subset of individuals and households (those with adults attached to the labor force but otherwise unemployed). Typical guaranteed income proposals would instead provide less generous income support to everyone (i.e. not equivalent to full time work) and, crucially, represent direct aid to those outside the labor force. Whether or not a jobs guarantee is a desirable policy it is clear that it is not a competitor to guaranteed income (except in opportunity cost); the two could certainly coexist and would each serve to meet different needs.

SSDI

Social Security Disability Insurance protects workers against permanent loss of earnings potential due to physical or mental impairment through injury, disease, or congenital condition. The program is, unlike UI, administered directly by the Social Security Administration. It is also, in a sense, universal in that past earnings do not factor into eligibility for the benefit though higher earnings prior to disability do somewhat increase the maximum allowable benefit. Those certified as disable are also, after a two-year period, eligible to receive Medicare benefits

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regardless of age, previous income, or the income of other household members. Like other public insurance benefits, the aid received can be substantial, with average benefits in 2017 running roughly $14,000 and maximum benefits hitting roughly $32,000 yearly.

As is the case with other public insurance benefits, a guaranteed income simply cannot offer the same depth of aid as SSDI, especially when factoring in associated public health coverage.[102] Again, this is a program that offers deep assistance to a small population[103] that would in the absence of disability otherwise (presumably) be employed. It is worth noting, however, that SSDI may because of its structure and the inadequacies of other components of the safety net serve a role that it was never intended to fill. Autor and Duggan (2006)[104] for example argue that because the definition of disability adopted in 1984 legislation on SSDI eligibility is quite broad, the SSDI program often functions in practice as an insurance program for unemployable people more broadly. Others argue that factors like the rise in the Social Security retirement age have led to an increased usage of this benefit.[105] With few other sources of aid available, individuals with poor employment prospects may decide to begin the (potentially very long) process of being declared disabled and demonstrating eligibility. This may contribute to the large backlog in cases and harm those who are "truly" disabled by increasing the time to benefit receipt. Furthermore, once on SSDI, beneficiaries may not engage in "substantial gainful activity," meaning employment activities beyond a certain threshold of hours worked or earnings gained, under penalty of permanent benefit loss. This (semi)-permanently removes individuals from the workforce who might otherwise want to work. Thus to the extent that SSDI serves as support for individuals who might forgo a disability designation in the presence of more substantial income support, a guaranteed income policy could be beneficial both to recipients and to society: the "truly" disabled would face shorter queues and those who would otherwise choose to work would do so both to their benefit and to the economy.

Health (Medicaid/Medicare/VA)

Since a guaranteed income works best in well-functioning markets, we have argued that market failures such as the incompleteness of insurance markets may require intervention and, perhaps, direct service provision by the government. Unlike unemployment or disability insurance, there is a large private market for health insurance that, in the absence of government intervention, could provide

coverage for a substantial portion of the population. But there are, nevertheless, market failures that many believe require government intervention. All (voluntary) insurance is subject to "adverse selection," where those who are most likely to require an insurance payout are also those most likely to select into an insurance system.[106] As an insurance pool becomes riskier, for-profit insurance companies must raise premiums to compensate, potentially pushing poorer as well as low-risk households out of the market. To some extent, simply providing cash in the form of a guaranteed income could mitigate this issue (see below) but the problem runs deeper. Those with "preexisting conditions," diseases, disabilities, or injuries that will almost certainly require continued and expensive treatment are effectively uninsurable under a purely private health insurance market; private health insurers are better served by simply denying such individuals coverage. This uninsurable population will suffer extreme hardship in the absence of government intervention and the likelihood that any individual acquires a preexisting condition that jettisons them from the insurance pool will grow. So, even on the political right, there is recognition that some sort of state intervention is required: requiring private insurers to cover those with preexisting conditions (with mandatory insurance purchases by the general public and subsidies to insurers to manage risk pools), direct provision of health insurance for the elderly (a high risk population with many accumulated preexisting conditions) and disabled (e.g. Medicare), or even universal catastrophic health insurance coverage. This last concept, catastrophic health insurance, deserves further attention.

As those on the political right often point out, much of what is included in U.S. health insurance, private or public, is not technically insurance. Health insurance plans can instead be thought of as combining insurance for catastrophic events (e.g. major injuries, potentially fatal illness), insurance for smaller adverse events (e.g. treatment for a sprained ankle or a sinus infection), and vouchers for routine and preventative care. If so, is any government intervention needed beyond the "insurance" component of the healthcare market? Wouldn't individuals be better off turning the voucher component into cash? Granting that the state should intervene to provide catastrophic coverage to some or all of its population, what is the justification for further intervention? After all, when discussing income support programs, we made the case that cash is preferable to quasi-cash vouchers, that paternalism imposes material hardship on recipient households. And since purely catastrophic insurance coverage would be much cheaper the private market could presumably cover more individuals (equipped with a guaranteed income), leaving the state to cater to a much smaller pool of uninsurable individuals. How one answers this question hinges on one's beliefs as

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to the severity and consequences of other failures in healthcare markets. In particular, healthcare choices are complicated by asymmetric information: patients do not have the expertise of medical service providers and may be unable to distinguish (early) indicators of severe versus relatively benign conditions, adequately assign expected value to seeking treatment, or distinguish between necessary and unnecessary procedures. In other words, when offered the choice between spending cash on routine and preventative care or spending it elsewhere, individuals may make, "mistakes." And such mistakes can be costly if cheap preventive and prophylactic measures could head off later catastrophic events. A market where this occurs systematically would be inefficient compared to government provision (or mandate) of healthcare vouchers. But how severe is this problem? One possibility is that a large guaranteed income would be sufficient to mitigate it to the level where further government intervention is unnecessary. If the choice is between a doctor's visit or this week's groceries, people may decide not to go to the doctor. But with a guaranteed income to bolster incomes maybe households would not have to agonize over this choice. Another possibility, however, is that these problems persist up the income distribution and cannot be solved efficiently by offering more money. A large study of high deductible healthcare plans by the RAND corporation, for example, showed that such plans induced large reductions in healthcare spending (including preventive care like screenings) even among middle class participants.[107] These reductions were mitigated but not eliminated by employer contributions to attached Health Savings Accounts. Other studies have shown that individuals with high deductible, 'catastrophic" plans do not shop around for cheaper care, further calling into question whether this is a well-functioning market.[108] This is not an issue that can be resolved in this document; instead our takeaway is as follows: guaranteed income advocates agree that cash, which allows for market participation, is the correct approach to dealing with material hardship when markets otherwise function well but may disagree about when that is the case. Guaranteed income advocates left and right typically agree that a guaranteed income policy cannot substitute for government intervention to ensure catastrophic healthcare coverage. But they may disagree about whether the other failures of healthcare markets require anything beyond cash assistance.

Social Security

Social Security is occasionally presented as a guaranteed income (indeed, a "basic income") for the elderly. But it also plays an important insurance role, one

apparent in its official name: “Old-Age, Survivors, and Disability Insurance.” OASDI protects individuals against the loss of earnings associated with the death of a domestic partner (as life insurance is not a complete hedge against this), against age-related infirmity that may require retirement prior to plan, and against the possibility that an individual may live longer than expected and beyond their ability to pay for through retirement savings accumulated during their working years.[109] As with other public insurance provisions, guaranteed income policy would make for a poor substitute for social security. As Hoynes and Rothstein note, the average household with a member over 65 receives $17,400 in Social Security benefits, which, depending on household composition, could not be adequately replaced by even a Yang-style $12,000 per year basic income. In our section on income support policies we noted that a guaranteed income might serve as a replacement for SSI, which provides additional income to households that cannot subsist on public insurance benefits. So, social security and a guaranteed income could exist side-by-side to support the elderly. For ease of administration and depending on how a guaranteed income is implemented (perhaps through the Social Security Administration as discussed in our previous paper), the social security benefit might become a supplement to a base guaranteed income that is applied once a recipient qualifies thorough age, infirmity, or death of a partner. This is another instance where the targeted nature of the US safety net, even in its cash support policies, requires that we consider providing additional supports to households for which the base universal benefit would be insufficient.

Section Summary

Guaranteed income works when markets work. This section covered policies that are designed to address a particular class of market failure: incompleteness of insurance markets. We explained why in each instance, guaranteed income is simply not a replacement for more direct government intervention on the supply side. But some cases are more complicated than others. Due to the inadequacy of our safety net, SSDI has taken on a role it was not designed for, meaning that the addition of a guaranteed income could help it function more efficiently. And many scholars, including some who broadly support guaranteed income or cash assistance policies, point to failures in the market for healthcare beyond true insurance provision in calling for more extensive state intervention. While a general understanding of what guaranteed income can and cannot do should guide us as we rethink our safety net, there will be room for disagreement about

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particular problems both empirically (is there convincing evidence of a market failure?) and normatively (does this failure warrant costly state intervention?).

Conclusion

A guaranteed income policy would be a valuable addition to our safety net, but it should not be seen as a panacea. And further thought must go into how such a policy should be structured and what a transition from a targeted, conditional safety net to one that provides universal unconditional benefits should look like if we are to protect the most vulnerable households. We also laid out a simple principle—that guaranteed income works best where markets work best—that clarifies when direct state intervention may be more (cost) effective than simply providing cash support. There are other areas of government intervention not typically thought of as safety net policy including higher education (student loans or grants, free college, etc) and active labor policies (job training and placement, subsidized employment, etc) not covered in this paper and for which the addition of a guaranteed income could have substantial implications. But here, too, "do markets work well" should guide our expectations about what such a policy might accomplish.

In assessing the optimal size of a guaranteed policy and its suitability as a replacement for income support and public insurance programs, we regularly returned to the question of cost. In the section on income support we noted in passing that many of the programs we might replace with a guaranteed income are small by federal standards: $20 or 25 billion each. We referenced this cost when considering whether the savings in removing these policies could justify disruption to the households who might be made worse off without them. Implicit in that argument: a guaranteed income program is unlikely to be fully financed through pruning and consolidating existing programs, and therefore may require new taxes. To understand the ultimate effect of guaranteed income on the economy, what it will do to wages, prices, and GDP, and, ultimately, whether a given guaranteed income policy is "worth the cost," we must also consider how the policy is funded. Different financing schemes (payroll taxes, value-added tax (VAT), a carbon tax, etc) have hugely different implications for redistribution, trade-offs, opportunity costs, and cost-effectiveness. The distributive implications of any income support policy, and its effectiveness in addressing inequality or poverty, cannot be separated from questions about financing or the (political) context. Unfortunately, these macroeconomic questions cannot be answered through use of small guaranteed income pilots. And empirical investigation of the larger effects of taxes and redistributive policies requires country- or region-wide

natural experiments that are rare (and valuable). Most work on this topic, therefore, employs modeling and simulation such as the Dynamic Stochastic Spatial Equilibrium model researchers used in a recent JFI paper on the potential impacts of a municipal guaranteed income program in New York City.[110] Modeling the effects of guaranteed income policy is a new and growing research project that deserves separate treatment. In an upcoming paper in this series we will lay out the state of evidence, discuss where we can be confident in guaranteed income's effects, and detail key unanswered questions about optimal financing strategy.

Another topic with which this paper has explicitly not engaged: political feasibility and public opinion. We have discussed the transition to a guaranteed income in purely technical terms: who will be made better off and who might be worse off if transition is implemented incorrectly. But every policy considered herein has its own constituency who may resist change. And while guaranteed income advocates object to a system that distinguishes between deserving and undeserving poor before doling out aid with strings attached, it is not clear that the broader public is yet on board. This is doubly so when we consider the potentially large tax increases that would have to accompany an effective form of unconditional cash assistance. Beyond potential objections by the public, guaranteed income advocates also have to contend with advocates for the poor who are skeptical of the policy. Skeptics on the political left worry that the combination of new taxes and reduced spending on other programs could leave the poor, or certain subsets thereof, worse off.[111] Though we have argued that this need not be the case if implemented carefully, such skeptics worry that advocates on the left will, in their drive to enact policy, make compromises and sacrifices with political right that will later prove to be deleterious. This concern is amplified by the perception that some advocates (incorrectly) view the threat of automation in apocalyptic terms and therefore would be willing to accept almost any cost in ensuring implementation of a guaranteed income.[112] And what of half-measures, such as a robust child allowance? Substantial cash assistance directed toward households with children could, as a first step, do more good more quickly than a small guaranteed income.[113] But would the child allowance open the door for more cash assistance and provide a foundation for more ambitious reform? Or dissipate further interest in improving the safety net and providing aid to those currently left out? These are important, as yet unanswered questions, ones to which we will return in a future paper in this series on the determinants of public opinion, interest group politics, and potential legislative pathways for a guaranteed income policy.

Notes

[1] Narratives about deservingness often stigmatize individuals who choose to work, raise children ,etc. as undeserving of benefits. See, for example, Martin Gilens, Why Americans Hate Welfare (UChicago Press, 1999).

[2] Marianne Bitler, Hilary Hoynes & Elira Kuka, "Do In-Work Tax Credits Serve as a Safety Net?" https://www.nber.org/papers/w19785

[3] Gosta Esping-Andersen, "The Three Worlds of Welfare Capitalism" https://lanekenworthy.files.wordpress.com/2017/03/reading-espingandersen1990pp9to78.pdf

[4] Historically, the permanent fund dividend has varied, in 2019, the dividend was $1,606. In 2020, the dividend is $909. See: https://web.archive.org/web/20141006103714/http://www.apfc.org/home/Content/dividend/dividendamounts.cfm for the historical trend in the dividend amounts.

[5] See https://www.yang2020.com/policies/the-freedom-dividend/

[6] Hilary W. Hoynes and Jesse Rothstein, "Universal Basic Income in the US and Advanced Countries" https://www.nber.org/papers/w25538

[7] These categorizations assume certain features of markets, including perquisites (employer benefits, private insurance) which may not function seamlessly. We address this issue in this paper below and argue that these assumptions can lead to inefficiencies in the social safety net.

[8] For an extensive literature review of empirical literature from the middle and low income countries, see https://www.odi.org/publications/10505-cash-transfers-what-does-evidence-say-rigorous-review-impacts-and-role-design-and-implementation, for a summary across transfers across countries, see https://phenomenalworld.org/reviews/cash-and-income-studies-a-literature-review

[9] Evelyn L. Forget, "The town with no poverty: The health effects of a Canadian guaranteed annual income field experiment" https://www.utpjournals.press/doi/full/10.3138/cpp.37.3.283;

Akee et al, "Young Adult Obesity and Household Income: Effects of Unconditional Cash Transfers", https://pubmed.ncbi.nlm.nih.gov/24707346/

[10] Philip K Robins, "A Comparison of the Labor Supply Findings from the Four Negative Income Tax Experiments" https://www.jstor.org/stable/145685?seq=1#metadata_info_tab_contents;

Akee et al, "Parents' Incomes and Children's Outcomes: A Quasi-experiment Using Transfer Payments from Casino Profits" https://www.aeaweb.org/articles?id=10.1257/app.2.1.86 ;

Jacob Bastian and Katherine Michelmore, "The Long-Term Impact of the Earned Income Tax Credit on Children's Education and Employment Outcomes", https://www.journals.uchicago.edu/doi/abs/10.1086/697477

[11] Akee et al, "Parents' Incomes and Children's Outcomes: A Quasi-experiment Using Transfer Payments from Casino Profits" https://www.aeaweb.org/articles?id=10.1257/app.2.1.86;

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[12] James A. Riccio and Cynthia Miller, "New York City's First Conditional Cash Transfer Program: What Worked, What Didn't" https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2821765

[13] Kangas et al. "The Basic Income Experiment in Finland 2017-18 Preliminary Results." https://julkaisut.valtioneuvosto.fi/bitstream/handle/10024/161361/Report_The%20Basic%20Income%20Experiment%2020172018%20in%20Finland.pdf

[14] In social science, agency is defined as the capacity of individuals to act independently and to make their own free choices.

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[16] Stockton Economic Empowerment Demonstration https://www.stocktondemonstration.org/

[17] Bastalgi et al, "Cash transfers: what does the evidence say?" https://www.odi.org/sites/odi.org.uk/files/resource-documents/11316.pdf

[18] Johannes Haushofer and Jeremy Shapiro, "The Short-term Impact of Unconditional Cash Transfers to the Poor: Experimental Evidence from Kenya" https://academic.oup.com/qje/article-abstract/131/4/1973/2468874?redirectedFrom=fulltext

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[20] Emma Aguila, Arie Kapteyn and Francisco Perez-Arce, "Consumption Smoothing and Frequency of Benefit Payments of Cash Transfer Programs", https://www.aeaweb.org/articles?id=10.1257/aer.p20171147

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[22] Giovanni Mastrobuoni and Matthew Weinberg, "Heterogeneity in Intra-monthly Consumption Patterns, Self-Control, and Savings at Retirement" https://www.aeaweb.org/articles?id=10.1257/pol.1.2.163

[23] Johannes Haushofer and Jeremy Shapiro, "The Short-term Impact of Unconditional Cash Transfers to the Poor: Experimental Evidence from Kenya"

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[27] Akee et al, "Family Income and the Intergenerational Transmission of Voting Behavior: Evidence from an Income Intervention" https://www.nber.org/papers/w24770

[28] Aizer et al, "The Long Term Impact of Cash Transfers to Poor Families" https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2436712

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[33] Evelyn L. Forget, "The town with no poverty: The health effects of a Canadian guaranteed annual income field experiment" https://www.utpjournals.press/doi/full/10.3138/cpp.37.3.283

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[42] Steve Holt, "Periodic Payment of the Earned Income Tax Credit Revisited" https://www.brookings.edu/wp-content/uploads/2016/07/HoltPeriodicPaymentEITC121515.pdf

[43] Johannes Haushofer and Jeremy Shapiro, "The Short-term Impact of Unconditional Cash Transfers to the Poor: Experimental Evidence from Kenya

[44] Interestingly, in Nigeria, chunkier, less-frequent transfers made no substantial difference in the overall positive impact on the household's living conditions (Bastian and Papineni, 2017)

[45] Aldangady et al, "High-frequency Spending Responses to the Earned Income Tax Credit" https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3201755

[46] Mendenhall et al "The Role of Earned Income Tax Credit in the Budgets of Low-Income Families" http://users.nber.org/~kling/eitc.pdf "

[47] Andrew Goodman-Bacon and Leslie McGranaha, "How Do EITC Recipients Spend their Refunds?" https://www.chicagofed.org/publications/economic-perspectives/2008/2qtr2008-part2-goodman-etal

[48] Rhine et al, "Householder response to the earned income tax credit: path of sustenance or road to asset building" https://ideas.repec.org/p/fip/fedhpr/957.html

[49] Kathyrn Edin and Laura Lein, "Making Ends Meet: How Single Mothers Survive Welfare and Low-Wage Work" https://www.russellsage.org/publications/making-ends-meet

[50] For a short write-up on JP Morgan's analysis of tax refunds, see https://www.aspeninstitute.org/publications/guaranteedincome/

[51] Kramer et al, "Periodic Earned Income Tax Credit (EITC) Payment, Financial Stress and Wellbeing: A Longitudinal Study" https://link.springer.com/article/10.1007/s10834-019-09618-2

[52] Center for Economic Progress, "Restructuring the EITC: A Credit for the Modern Worker" https://static1.squarespace.com/static/5acbc4bd0dbda3fb2fce2ab3/t/5c104e2703ce64dbec0cbd66/1544572455973/Restructuring-the-EITC-A-Credit-for-the-Modern-Worker.pdf

[53] Similarly, unless researchers can secure benefits waivers for existing programs such as SNAP, study participants could find these benefits reduced or eliminated for the pilot period . This could reduce the net value of the cash transfer studied ((this could, of course, be desirable depending on the research question). More importantly, given the varied and nonlinear benefit phase out formulas for existing means-tested benefits, this could reduce the effective differential between high and low disbursement treatment conditions; the unadjusted data arising from such experiments could be misleading.

[54] Donald P. Moynihan and Pamela Herd, "Administrative Burden: Policymaking by Other Means"

[55] In a working paper, Kasy argues that a viable political case for a UBI must move beyond distinctions between the “deserving” and “undeserving” poor, replacing them instead with a shared vision of political interests. See: https://www.semanticscholar.org/paper/Why-a-Universal-Basic-Income-Is-Better-Than-of-Work-Kasy/334f52ad4dbaf7e9d780bba7152bb084e77a988c?p2df

[56]About EITC: https://www.eitc.irs.gov/eitc-central/about-eitc/about-eitc

[57] The “phase in” refers to the feature of EITC that provides increasing cash aid as earned income increases up to a “plateau” at the maximum benefit.

[58] In this paper, when we use the term "work," we mean the sale of labor in the formal economy.

[59] Matt Bruenig “Do we really need a second Earned Income Tax Credit” https://www.peoplespolicyproject.org/2018/10/19/do-we-really-need-a-second-earned-income-tax-credit

[60] Many scholars, including those skeptical of guaranteed income, have also argued that the policy should not be age limited. And it is commonly noted that the EITC is far less generous for individuals without children and non-custodial parents. If the EITC is effective in increasing labor force participation, the resulting increase in the labor supply likely reduces wages, including for those for whom the EITC offers little aid (Rothstein, 2010). But these deficiencies could be remedied through changes to the benefits calculation (or pairing with a robust minimum wage (Rothstein EPI 2019 paper), leaving the basic trapezoidal structure intact. They are therefore only tangentially related to the debate over guaranteed income.

[61] Henrik Kleven, “The EITC and the Extensive Margin: A Reappraisal”, https://www.henrikkleven.com/uploads/3/7/3/1/37310663/kleven_eitc_sep2019.pdf

[62] See for example, this piece on the challenges of implementing the U.K.’s “universal credit” https://twitter.com/davidoff191/status/1311670393816707073

[63] Balakrishnan et al “Building a Helicopter: Pathways for Targeting & Distributing a US Guaranteed Income https://www.jainfamilyinstitute.org/projects/parts/building-a-helicopter-pathways-for-targeting-distributing-a-us-guaranteed-income/

[64] This would occur through an income effect (people who have more money may have less incentive to work) and, if paid for through payroll or income taxes, possibly a substitution effect (people may work less when their effective periodic compensation is reduced through taxes).

[65] States and Local Governments with Earned Income Tax Credit: https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/states-and-local-governments-with-earned-income-tax-credit

[66] CBPP, “The Supplemental Nutrition Assistance Program”https://www.cbpp.org/research/food-assistance/policy-basics-the-supplemental-nutrition-assistance-program-snap

[67] See https://www.washingtonpost.com/news/in-theory/wp/2015/09/28/our-welfare-system-insults-the-poor-basic-income-could-do-better/ and https://techcrunch.com/2016/09/09/the-progressive-case-for-replacing-the-welfare-state-with-basic-income/ for such arguments.

[68] https://www.fns.usda.gov/wic/eligibility-white-potatoes-purchase-cash-value-voucher, we thank James Medlock for bringing this particular document to our attention.

[69] See for example this recent small experimental study of an unconditional cash transfer offered to the homeless. https://static1.squarespace.com/static/5f07a92f21d34b403c788e05/t/5f751297fcfe7968a6a957a8/1601507995038/2020_09_30_FSC_Statement_of_Impact_w_Expansion.pdf

[70] Jasmine Aguilera, “How Trump's New Food Stamp Rule Could Impact Nearly 700,000 Vulnerable Americans” https://time.com/5744647/trump-food-stamps-rule/

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[71] Balakrishnan et al "Building a Helicopter: Pathways for Targeting & Distributing a US Guaranteed Income"https://www.jainfamilyinstitute.org/projects/parts/building-a-helicopter-pathways-for-targeting-distributing-a-us-guaranteed-income/

[72] In fact, contemporary pundits pointed to the simultaneous drop in cash welfare caseloads and poverty post-1996 as vindication of this view. Later research has cast doubt on this claim, however. The strong economy, paired with the tripling of the EITC benefit in 1993, makes it difficult to disentangle causation. See for example: https://inequality.stanford.edu/sites/default/files/Pathways_Winter2018_Employment-Poverty.pdf

And, in any case, later periods of sluggish economic growth and deep recession have interacted with lifetime benefit limits to immiserate those who would have otherwise been able to rely on cash welfare support. https://inequality.stanford.edu/sites/default/files/Pathways_Winter2018_Families-Left-Behind.pdf

[73] Liz Schott, "Why TANF is not a model for other safety net programs" https://www.cbpp.org/research/family-income-support/why-tanf-is-not-a-model-for-other-safety-net-programs

[74] Jacob Alex Klerman, Steven J. Haider, "A Stock-Flow Analysis of the Welfare Caseload", https://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.593.8944&rep=rep1&type=pdf

[75] Jones and Marinescu, "The Labor Market Impacts of Universal and Permanent Cash Transfers: Evidence from the Alaska Permanent Fund", nber.org/papers/w24312

[76] The income effect is the change in the consumption of goods by consumers based on their income. The substitution effect happens when consumers replace cheaper items with more expensive ones when their financial conditions change.

[77] This flexibility has turned the program into a slush fund for states, with subsequent administrations finding increasingly abstract justifications for block grant expenditures. See for instance: https://www.si.com/wrestling/2020/02/14/wwe-ted-dibiase-million-dollar-man-mississippi-nonprofit-welfare

[78] CRS, "The Temporary Assistance for Needy Families (TANF) Block Grant: Responses to Frequently Asked Questions" ,https://fas.org/sgp/crs/misc/RL32760.pdf

[79] https://www.nytimes.com/2015/10/28/business/economy/a-strategy-to-ignore-poverty.html

[80]Ali Safawi and Ife Floyd, "TANF Benefits Still Too Low to Help Families", https://www.cbpp.org/research/family-income-support/tanf-benefits-still-too-low-to-help-families-especially-black

Especially Black Families, Avoid Increased Hardship"

[81] SSI Federal Payments for 2021: https://www.ssa.gov/oact/cola/SSI.html

[82] Market failure is a situation in which the allocation of goods and services by a free market will lead to a situation where prices are too low or too high, such that people could be made better off by raising or lowering prices

[83] Baumol's cost disease:https://en.wikipedia.org/wiki/Baumol%27s_cost_disease

[84] G. Thomas Kingsley, "Trends in Housing Problems and Federal Housing Assistance" https://www.urban.org/sites/default/files/publication/94146/trends-in-housing-problems-and-federal-housing-assistance.pdf

[85] See MDRC's discussion and evaluation of the Family Self-Sufficiency Program:

https://www.mdrc.org/project/family-self-sufficiency-program-evaluation#overview

[86]Housing Voucher Data Dashboard: https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/dashboard; About Section 8: http://home.hacla.org/abouts8

[87] Edelstein et al "Characteristics of families receiving multiple benefits", https://www.urban.org/sites/default/files/publication/22366/413044-Characteristics-of-Families-Receiving-Multiple-Public-Benefits.PDF

[88] Mills et al, "Understanding the Rates, Causes, and Costs of Churning in the Supplemental Nutrition Assistance Program (SNAP)" https://www.urban.org/research/publication/understanding-rates-causes-and-costs-churning-supplemental-nutrition-assistance-program-snap

[89] The Aspen Institute, "The 1099 Workforce and Contingent Workers" https://www.aspeninstitute.org/publications/the-1099-workforce-and-contingent-workers/

[90] See Bolton and Rosenthal, "Credit Markets for the Poor," for an excellent introduction to this market. https://www.russellsage.org/publications/credit-markets-poor

[91] Schlesinger and Doherty, "Incomplete Markets for Insurance: An Overview" https://link.springer.com/chapter/10.1007/978-94-015-7957-5_6

[92] Unemployment insurance excludes independent contractors and sole proprietors but is otherwise generally available to any worker employed during the "base period." In most states, this is the first four out of the last five completed calendar quarters before the time a claim is filed.

[93] Significant provisions of state unemployment insurance laws, effective January 2020: https://oui.doleta.gov/unemploy/content/sigpros/2020-2029/January2020.pdf

[94] Balakrishnan et al "Building a Helicopter: Pathways for Targeting & Distributing a US Guaranteed Income" https://www.jainfamilyinstitute.org/projects/parts/building-a-helicopter-pathways-for-targeting-distributing-a-us-guaranteed-income/

[95] Stephen A. Wandner, "Options for Unemployment Insurance Structural and Administrative Reform: Proposals and Analysis" https://research.upjohn.org/up_policypapers/20/

[96] Raj Chetty, "Moral Hazard versus liquidity and optimal unemployment insurance" https://dash.harvard.edu/handle/1/9751256

[97] https://www.nber.org/system/files/working_papers/w27574/w27574.pdf Farooq et al "Do unemployment benefits improve match quality? Evidence from recent US recessions"

[98] Median length of unemployment spell over the last 50 years has reached as high as 25 weeks in 2010 and average length has reached as high as 41 weeks in 2011 https://fred.stlouisfed.org/series/UEMPMED, https://fred.stlouisfed.org/series/UEMPMEAN

[99] https://personal.lse.ac.uk/spinnewi/biasedbeliefs.pdf Johannes Spinnewijn "Unemployed but Optimistic: Optimal Insurance Design with biased beliefs"

[100] In October 2019, before the pandemic, the Congressional Research Service predicted states would spend roughly $26.5 billion on regular unemployment compensation https://fas.org/sgp/crs/misc/RL33362.pdf

[101] See this Lowery piece for a good, though skeptical, discussion of the potential varieties of Job Guarantee programs: https://www.theatlantic.com/ideas/archive/2018/05/the-democratic-party-wants-to-end-unemployment/560153/

[102] Though this is by no means a necessary feature of disability insurance and a world in which guaranteed income is political feasible would likely also be one in which health insurance coverage was universal

[103] Roughly 8.5 million individuals receive SSDI benefits https://www.cbpp.org/research/social-security/chart-book-social-security-disability-insurance

[104] David Autor and Mike Duggan, "The Growth in the Social Security Rolls: A Fiscal Crisis Unfolding" https://www.nber.org/system/files/working_papers/w12436/w12436.pdf

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[105] CBPP, “Social Security Disability Insurance”
https://www.cbpp.org/research/social-security/chart-book-social-security-disability-insurance#Section_two

[106] David Powell and Dana Goldman “Disentangling Moral Hazard and Adverse Selection in Private Health Insurance”
https://www.nber.org/digest/apr16/moral-hazard-and-adverse-selection-health-insurance

[107] CHCF, “High Deductible Health Plan Study: Five Takeaways”
https://www.chcf.org/publication/high-deductible-health-plan-study-five-takeaways/

[108]https://labblog.uofmhealth.org/industry-dx/study-people-high-deductible-plans-dont-act-like-savvy-shoppers

[109] There is a small market for “viatical settlements” that allows individuals to sell their life insurance payout and premium stream in exchange for a lump sum payment with buyers and sellers essentially betting about how long sellers will continue to live. https://en.wikipedia.org/wiki/Viatical_settlement

[110] Esmkhani et al, “Universal Basic Income and the City”
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[111] Richard McGahey, “Universal Basic Income and The Welfare State”
https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2863954

[112] Laura Tyson and Lenny Mendonca, “The Pie-In-The-Sky UBI”
https://www.project-syndicate.org/commentary/basic-income-unfeasible-in-america-by-laura-tyson-and-lenny-mendonca-2017-03?barrier=accesspaylog

[113] Daron Acemoglu, “Why Universal Basic Income is a Bad Idea”
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