



As cities test guaranteed income, Dems push Biden on recurring payments

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As the economy emerges from the wreckage of the coronavirus pandemic, mayors and county officials across the United States are launching experiments to test the viability of universal basic income as a way to ensure economic stability.

Two new guaranteed income projects in California have stirred debate over who should be eligible for such benefits, whether they truly advance economic equality, and what lessons policymakers weighing broader programs can learn from them.

Oakland to launch universal income program

Last week, Marin County supervisors approved a plan to provide \$1,000 a month to 125 residents for two years, with funding primarily coming from the nonprofit Marin Community Foundation. Eligibility is limited to women of color with a child under 18 who have incomes below the county self-sufficiency standard and live in one of four specific areas.

“The ultimate endgame for this demonstration project is to have an example of how cash aid can be really helpful in terms of alleviating poverty, to test the usefulness of this approach to addressing poverty and addressing some of the racial inequities that we know exist in the county and beyond,” Johnathan Logan, Marin Community Foundation vice president of community engagement, told the county board of supervisors before they voted unanimously to back the program.

Unlike some other city and county UBI programs, the Marin project will include services like job training and support finding employment for the women. The county will also provide assistance to any participants who lose welfare benefits because of their increased income.

The foundation stated the goal in narrowing eligibility by race and gender was focus aid on residents facing a confluence of steep challenges: low income, young children, and racial discrimination. CEO Thomas Peters defended the restriction, telling Fox News it was “not for any reason of exclusion, but because we are laser-focused on an area of greatest need.”

A similar project was announced in Oakland, California, where 600 families will receive \$500 a month for 18 months with funds provided by a local philanthropic organization. The program is

only open to those who identify as Black, Indigenous, or people of color and earn less than 50% of the area's median income.

In San Francisco, Mayor London Breed unveiled a program last fall to pay \$1,000 a month to 125 Black and Pacific Islander mothers during pregnancy and for up to two years after giving birth. The city is set to convene a Guaranteed Income Advisory Group this month to lay out plans for a broader pilot program that would potentially provide up to 1,000 residents at least \$500 a month.

Aldermen Discuss Possible Guaranteed Basic Income Program For Chicago

The Santa Clara County board of supervisors approved an initiative last June to provide a \$1,000 monthly stipend for one year to 72 former foster children who are 24 or older. The county intends to conduct an in-depth evaluation to determine whether the program should continue or expand beyond that.

The Newark, N.J. City Council backed a resolution in February to establish a guaranteed income trial program, which Mayor Ras Baraka has been pushing since early 2019. Details are still undetermined, but a city task force recommended an 18-month pilot project that would give 500 to 1,000 residents \$250 or \$500 a month.

Rochester, N.Y. Mayor Lovely Warren announced Friday she would pursue using eventual tax revenue from the state's legalization of recreational marijuana to fund reparations or universal basic income. She suggested the funds would be targeted to help people of color in poverty and to get households above a minimum income level.

“It will take a community-wide effort to right the historic wrongs that have plagued our community and country for years,” Warren said in a statement. “Today, we have a chance to right these wrongs and create generational wealth for our children.”

Several of the new programs follow a general model established in Stockton, Calif., where 125 randomly selected residents from lower-income neighborhoods were given \$500 per month for two years, funded entirely by private donors. A study of that experiment released last month found full-time employment and debt repayment rose significantly among participants in the first year, and the money was primarily spent on food, merchandise, utilities, and services.

Another privately funded initiative in Jackson, Mississippi, the Magnolia Mother's Trust, provided \$1,000 monthly payments to more than 100 low-income Black mothers. The group's initial findings suggest participants were less likely to report debt from emergencies, more likely to have children performing at or above grade level, more likely to seek medical help for illnesses, and less likely to suffer food insecurity.

Advocates of a national universal basic income have pointed to those studies and the new pilot programs as evidence that momentum is building to guarantee basic economic security for all. Some Democrats in Congress, including 21 senators, have pressed President Joe Biden to support regular monthly payments as part of his economic recovery plan.

Experts say these localized programs, typically paid for by private donors, would be difficult to scale up to a city, state, or national level, where the price tag would be much higher. With small numbers of participants and payments doled out over a short period of time, they also do not offer much insight into how a permanent guaranteed income program would fare.

“I would point out none of those programs are actually universal basic income,” said Mike Tanner, a senior fellow at the Cato Institute. “They were all limited to low-income persons for eligibility... They are basically forms of expanded cash welfare without work requirements.”

Money given to lower-income households is likely to be spent quickly, but it is less clear what those with higher incomes would do with a monthly allowance. According to Daniel Alpert, an investment banker and adjunct professor at Cornell Law School, the notion of universal basic income is a bit utopian in theory and is not necessarily good economics in practice.

“The litmus test should be, if I’m paying somebody a basic level of support, I want to make sure all that money gets spent,” Alpert said.

The Oakland and Marin County projects have already sparked a backlash from conservatives, who questioned eligibility requirements tied to racial identification. In a Newsweek op-ed, radio host Jason Rantz called them “racist” programs that amount to “a repackaged form of reparations.”

Tanner said the goal of empowering low-income women of color is admirable, but the targeted basic income programs could create legal and political headaches for local officials. The Marin experiment, which would use \$400,000 of county funds, is particularly vulnerable to lawsuits.

“I question whether that one is ever going to get off the ground at all,” he said.

Universal basic income has been a popular idea on the left since the 1960s, when Rev. Dr. Martin Luther King Jr., the Black Panther Party, and other civil rights advocates called for a guaranteed income. There are few examples of such a program being successfully implemented long-term, but interest in pursuing it has grown in recent years in response to fears of automation and technology displacing workers.

During the 2020 Democratic presidential primary campaign, businessman Andrew Yang outlined a “Freedom Dividend” program that would give Americans \$1,000 a month in guaranteed income. Yang maintained the \$3 trillion annual cost could be covered by a value-added tax on businesses, cuts to social welfare programs, and economic growth, but experts questioned that math.

Yang has revived the guaranteed income proposal in his candidacy for mayor of New York City, where he aims to provide \$2,000 per year to low-income residents. Progressive critics have warned the plan falls far short of the universal income they envision, and his plan to pay for it could weaken the existing social safety net.

Yang’s nonprofit organization, Humanity Forward, is helping fund a UBI pilot project in Hudson, N.Y., where 25 residents are receiving \$500 a month for five years. Nearly 500 of the city’s 6,000 residents entered a lottery to participate.

The economic hardships caused by the coronavirus pandemic have driven the federal government closer to embracing some form of universal income, but stiff resistance remains. The CARES Act, passed with overwhelming bipartisan support last spring, sent one-time direct stimulus payments to most households and provided a \$600-per-week enhanced unemployment benefit to millions of Americans who lost their jobs.

“The one thing the pandemic era really taught us is you get a pretty serious bang for the buck when you put money in people’s pockets,” Alpert said, crediting those weekly unemployment supplements for keeping demand for goods and services high despite the job losses.

Congress has since approved two more rounds of direct payments and extended a smaller enhanced unemployment benefit through this summer. The American Rescue Plan passed by Democrats last month also included a temporary increased child tax credit that will be distributed to families monthly without work requirements.

Democrats hope to extend the child credit for at least several more years, if not make it permanent. Republican Sen. Mitt Romney, R-Utah, has proposed a similar monthly credit for families, although his plan would also scale back some existing assistance programs.

Other Republicans have denounced both versions of the monthly child credit as the start of a slippery slope toward universal basic income that would unravel welfare reforms of the 1990s and disincentivize works. Proponents say \$300 per child per month is not nearly enough to live on, but it could provide a boost that pulls millions of working families out of poverty.

A Pew Research Center survey conducted amid the pandemic last summer found a majority of adults, 54%, would oppose a \$1,000 monthly guaranteed income, while 45% support it. Majorities of people under 30, Black adults, and lower-income Americans favor such a program, but there is strong hostility toward it from whites, Republicans, senior citizens, and upper-income adults.

Even some progressives have raised concerns about how a true universal income program would work and what the impact would be. Depending on how it is funded and implemented, it could potentially increase poverty and inequality and endanger other programs that benefit lower-income households.

A means-tested guaranteed income program—which is what many of the recent pilot projects essentially are—would present challenges, as well. Tanner warned phasing out the benefit at a certain income level imposes enormously high marginal tax rates on those who earn slightly more than that.

“In terms of a large-scale UBI program, there are advantages to not limiting it,” he said.

However, according to Alpert, government resources might be better spent providing assistance to those most in need than distributing regular payments to the broader population. The pandemic-era relief programs demonstrated the economic benefits of putting cash in the hands of those likely to spend it.

“There is a level of income where you literally get to 100% consumption... That is the audience for this. It’s not the folks sitting on a pile of savings,” he said.