



Louisiana

Critics say New Orleans guaranteed income program won't produce hoped-for outcomes

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(The Center Square) — The City of New Orleans recently launched a new guaranteed income program "to invest directly in the lives of our youth," but it may not produce the types of outcomes officials are hoping for, according to experts.

The New Orleans Guaranteed Income Program is sending \$350 monthly payments to 125 people between the ages of 16-24 over the next 10 months, with no restrictions on how the money is spent. The program was created with a \$500,000 grant from Mayors for a Guaranteed Income, and it's specifically targeted to youth who "are disconnected from work and school," according to a news release.

"Throughout the COVID-19 pandemic, we saw the number of disconnected youth significantly increase," Mayor LaToya Cantrell said. "We launched this program as an opportunity to get much-needed, unrestricted cash in people's pockets at a time where we know our people need it most."

Michael Tanner, a senior fellow at the CATO Institute, a free market think tank, said the program "sounds good-hearted, but pretty wrong-headed."

Guaranteed income programs are often designed as a way to test the potential impact of the broader universal basic income concept, which provides an income floor while eliminating many of the complex issues inherent in the current labyrinth of programs that make up the welfare system, he said.

"It's definitely a trial for that kind of thing," Tanner said.

But by targeting the cash payments to a specific group, "you don't solve any of the problems UBI is designed to do," he said.

"In a sense, people are poor because they lack cash," Tanner said, adding that the vast majority of current welfare programs are "in-kind," providing benefits for recipients directly to landlords, doctors or grocery stores.

"That's us making the decisions for them," he said. "It's really infantilizing the poor. So cash makes sense.

"The idea with universal basic income is it does away with many of the problems in the welfare system" that prevent people from improving their situation, such as income thresholds and other complexities, Tanner said.

By specifically targeting teens and young adults "who are disconnected from work and school," he said, "you're basically subsidizing behavior we don't want to see."

"Essentially this is simply another welfare program, except it provides cash," Tanner said. "It doesn't solve any of the problems."

Jamie Bryan Hall is a research fellow in quantitative analysis with The Heritage Foundation and he shared a similar perspective.

Surveys show over 90% of the American public opposes programs that do not include obligations from those receiving assistance, he said, and guaranteed income runs against successful welfare reforms from the 1990s that have lifted many out of poverty.

"Folks just don't support giving money to people without some reciprocal obligation from the recipient that attempts to improve their lives," Hall said.

Hall also noted the target demographic of young people who are not engaged in work or school, and said replicating the effort on a larger scale would undoubtedly have a negative impact on society.

"It's not the kind of program you want to generalize to the whole country," he said. "This also isn't something you could afford to do long-term, nationwide."

The New Orleans program is one of dozens across the country sponsored by Mayors for a Guaranteed Income, which was founded by former Stockton, California Mayor Michael Tubbs and the Economic Security Project.

The City of New Orleans is partnering with the Center for Guaranteed Income Research through the University of Pennsylvania and Tulane University to evaluate the efficacy of its pilot program. The research is expected to include surveys and interviews with participants throughout the program.

Tanner contends "information is always good, but you're creating a situation where you're not going to learn much.

"I'm not sure you can build anything scalable out of that," he said.

Hall agreed, suggesting that while any positive results for individual participants will undoubtedly be used to support universal basic income, they likely will not be life-changing.

"It's \$3,500 spread out over 10 months. That's not going to fund your college education, or anything like that," Hall said. The premise of the program also runs counter to a consistent message of personal responsibility in welfare programs over the last few decades.

Guaranteed income programs are "the opposite of that, just handing people money," he said. "It's just not the message we need to be sending in general."

