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Acknowledgments

This report is based on research conducted by staff at the Future Services Institute (FSI) at the University of Minnesota to support Olmsted County’s commitment, through its Pathway to Prosperity and Wellbeing pilot program, to integrate human services, including the exploration of a Flexible Benefit Set. We would like to thank Olmsted County for inviting and funding this effort, and for their input and feedback on this research and report.

We would also like to thank staff from Multnomah Idea Lab (MIL) and LIFT for sharing insights with us about the innovative approaches you are taking to address the needs of families living with low incomes. We are immensely grateful for their generosity and hope to build on the wisdom and efforts of the many who have approached these challenges.
Executive summary

This report reviews and compares several significant cash transfer programs in the United States. All programs under review have been piloted or scaled, helping to provide insights into implementation and impact of these programs.

Key findings

Most cash transfer programs provide unrestricted funds to families but are conditional

Interest in unrestricted cash transfer programs has grown exponentially in the last three years; however, some programs and experiments in the U.S. date back as far as 1968. Most past and existing programs provide unrestricted cash to families. In other words, families were/are not limited in how they spend the funds received through the program. However, with a few exceptions, all programs are conditional in that they are accessible to families based on certain conditions, such as poverty levels, gender, or age.

Trusting relationships are key to a successful program.

Existing programs shared that families were initially often skeptical about the program and may initially even think the program is a scam. Whenever possible, the evidence from other programs suggests to rely on existing relationships with individuals and families and engage with partners organizations that have already built trust.

Rationales for an unrestricted cash transfer program

Research and evaluation of existing cash transfer programs suggest the following reasons for and benefits of a flexible benefit set program, which programs use to communicate with families, elected officials, and funders:

- **Families know what they need.** Multiple existing programs started with centering family voice and were designed in response to hearing from families that they needed more flexible cash to cover necessary expenses.

- **Cash transfer programs do not disincentivize work.** Research shows little evidence of recipients choosing to work less when receiving unrestricted cash. Rather, programs are correlated with positive outcomes such as higher educational achievement. In the Stockton Economic Empowerment Demonstration, only 2% of individuals were unemployed and not looking for work.

- **Families spend most of their money on necessities.** Programs found that families typically spent their cash on basic needs (e.g. food, housing, and transportation), employment related expenses (child care and interview clothes), and paying off predatory debt.

- **Cash transfer programs address the underlying causes of poverty.** Cash transfer programs are an opportunity to engage with policymakers and community members about why people experience poverty. This conversation can challenge assumptions and bring solutions to light.

Further considerations

Any cash transfer or flexible benefit set program operates in a wider context of policies, regulations, and practices. Research on existing programs provides further considerations for those interested in exploring cash transfer programs, such as Universal Basic Income (UBI).
Return on investment
There is not an extensive body of research around UBI and its return on investment, at least none that is widely accepted; however, the applications of household production theory and human capital theory suggests that the investment could have positive long term economic effects.¹

Programs have tried waivers, tax exemptions, and other workarounds to existing policy restrictions or limitations — with varying success.
The Stockton Economic Empower Demonstration has had some success with waivers. The Jain Family Institute and Economic Security Project are sources for further information about this process. LIFT’s Family Goal Fund is provided to families as a gift that advances it’s charitable purpose and is thus not considered taxable income. Tax credits, such as EITC, CTC, and the Economic Impact Payments, are readily exempt from taxes and as income for most public benefit programs.

Existing programs as part of a larger push for policy change.
Most existing programs aim to pave the way for larger policy change, such as Universal Basic Income (UBI) or expanded tax credits for families with low incomes. The Mayors for a Guaranteed Income have recruited over thirty cities, including Saint Paul, MN, to join a push for unrestricted cash transfer programs.

Research approach and methodology
The following questions were used to explore the broader landscape of cash transfer programs in the U.S.:

1. What terms or names are used for similar programs, and are similarly-named programs also similar in substance?
2. What are similarities and differences among existing cash transfer programs?
3. To what ends have programs been implemented around the country - e.g. to create more flexibility, or additional income?
4. What does research say about families’ needs?
5. Is a reduction in administrative burden some form of “financial-ish relief”?

To answer these questions, FSI conducted research into programs that use(d) unrestricted cash transfers and already shared some of their findings.² These programs include: U.S. Income Maintenance Experiments (1968-1979), Alaska’s Permanent Fund Dividend (1982), Eastern Band of Cherokee Indians (1995), Economic Opportunity Initiative (2016-2017), Family Independence Initiative (2017), Magnolia Mother’s Trust (2018), LIFT Family Goal Fund (2018), and Stockton Economic Empowerment Demonstration (2019). This is not an exhaustive list of programs, and at the time of writing, new pilot programs are being implemented that can provide further lessons and answers to these questions.

Background

Across the United States, there is increased interest in guaranteed income programs, also referred to as cash transfer programs or Universal Basic Income (UBI) programs. For instance, a group of mayors has combined their efforts under Mayors for a Guaranteed Income, which builds on the early successes of the Stockton Economic Empowerment Demonstration (SEED). In Minnesota, several local governments are also exploring or piloting basic income approaches, most notably the City of St. Paul through its People’s Prosperity Pilot. 3 Given this interest, the Future Services Institute conducted a review of past and existing cash transfer programs in the United States to document insights into implementation and impact of these programs. 4

Methodology

FSI developed a set of questions to guide the research. The first set of questions is about the language and terminology used in the context of cash transfer programs, including:

1. What terms or names are used for similar programs, and are similarly-named programs also similar in substance?
2. How are Universal Basic Income (UBI) programs and other cash transfer programs similar or different from one another? What are some of the differences and similarities in the use of terminology or language?

The other guiding questions are about the content and purpose of programs, including:

3. To what ends have programs been implemented around the country, for instance to create more flexibility, or additional income?
4. What does research or evaluation say about families’ needs? Do families mostly need more flexible dollars? Or do they mostly need additional money? How do these two needs relate?
5. Is a reduction in administrative burden some form of “financial-ish relief”?

To begin this research, we conducted an online search using the terms “flexible benefit set,” “universal basic income” or “UBI,” and “guaranteed minimum income” or “GMI” for peer-reviewed literature and online sources. We discovered pretty quickly that searches for “flexible benefit sets” brought findings related to employment benefit flexible spending accounts (FSAs). We found the majority of peer-reviewed literature on UBI and GMI was based on research in international contexts (e.g., Canada and Finland). We also found that references to UBI in the news have increased exponentially in recent years, as demonstrated by Andrew Yang’s 2020 presidential campaign, and more recently by the growing commitment of over 30 cities’ mayors to explore and pilot UBI. 5,6,7,8 Given the growing prevalence of UBI

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3 This pilot program is not part of the research documented in this report, as the pilot was in its very early stages of implementation at the time of writing.
4 This research was funded by Olmsted County, who invited FSI to conduct a scan of existing cash transfer programs to inform the development of their own program.
research and pilot studies in the U.S., we were able to identify a list of programs with potential lessons. This is not an exhaustive list of UBI programs; yet, we found this research informative for our questions.\textsuperscript{9,10} We narrowed our research to programs that used unrestricted cash transfers and had already shared some of their findings.\textsuperscript{11} We also did not include programs that provide cash with restricted purposes or that are still in the initial design stages.

Table 1 provides a list of the programs that are included in our research.\textsuperscript{12} After reviewing the findings from our web-based search, we reached out to program leaders at each of the programs. We were able to complete informal interviews with two of the programs — Multnomah Idea Lab (MIL) and LIFT Family Goal Fund.\textsuperscript{13} The findings below are based on findings from the online search as well as the informal interviews.

\textsuperscript{9} For instance, another program we have heard about is the Ohio Benefits Bridge. Within the timeframe of this report, we were unable to find additional information.

\textsuperscript{10} Some prominent academic research on UBI include: Charles Murray’s 2016 Proposal (replacement for existing programs), Andy Stern’s 2016 Proposal (replacement for existing programs), and Ioana Marinescu’s 2017 Report, which we did not include in this report.

\textsuperscript{11} See appendix A for a list of useful definitions from the Aspen Institute: \url{https://www.aspeninstitute.org/wp-content/uploads/2020/04/Cash-Infusion_Papers1and2.pdf}

\textsuperscript{12} Two examples of UBI in the United States that have been evaluated are the Alaska Permanent Fund and the Eastern Band of Cherokee Indians. Findings from these evaluations, as well as the U.S. Negative Income Tax program in the 1990s, made up the majority of the long term evidence on UBI. More recently, the UBI programs in Stockton, California and the Magnolia Mother’s Trust have received significant attention. In April 2020, the Aspen Institute published a three-part part series on “Guaranteed Income and Cash Infusions,” which introduced us to LIFT’s Family Goal Fund and the Family Independence Initiative.

\textsuperscript{13} See appendix B for the interview protocol.
Table 1. Overview of unrestricted cash transfer programs in the United States included in this report

<table>
<thead>
<tr>
<th>Program name</th>
<th>Location</th>
<th>Timeline/start date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alaska’s Permanent Fund Dividend</td>
<td>Alaska</td>
<td>1982</td>
</tr>
<tr>
<td>Eastern Band of Cherokee Indians</td>
<td>Eastern Band of Cherokee Indians</td>
<td>1995</td>
</tr>
<tr>
<td>Economic Opportunity Initiative</td>
<td>Multnomah County, Oregon</td>
<td>2016-2017</td>
</tr>
<tr>
<td>Family Independence Initiative</td>
<td>Multnomah County, Oregon</td>
<td>2017&lt;sup&gt;15&lt;/sup&gt;</td>
</tr>
<tr>
<td>Magnolia Mother’s Trust</td>
<td>Jackson, Mississippi</td>
<td>2018&lt;sup&gt;16&lt;/sup&gt;</td>
</tr>
<tr>
<td>LIFT Family Goal Fund</td>
<td>New York, Chicago, Los Angeles, and Washington D.C.</td>
<td>2018</td>
</tr>
<tr>
<td>Stockton Economic Empowerment Demonstration (SEED)</td>
<td>Stockton, California</td>
<td>2019</td>
</tr>
</tbody>
</table>

<sup>14</sup> Each program is ongoing unless otherwise specified.
<sup>15</sup> Expanded in 2019.
<sup>16</sup> Expanded in 2020.
Findings

In the section below we discuss the findings for each guiding question based on the online review and our conversations with two programs: MIL and LIFT Family Goal Fund.

The landscape of cash transfer programs

In order to understand the landscape of past and current cash transfer programs, it is helpful to use shared definitions. Hoynes and Rothstein (2019) developed a framework to analyze UBI programs and offer definitions for the terms “universal” and “basic.” Based on these definitions, as well as those used by the Aspen Institute (see Appendix A), we have categorized each of the cash transfer programs by their program design’s corresponding characteristics (see Table 1).

Which programs are “universal”?

Universality means that all people are eligible to participate in the cash transfer program, regardless of family structure, household income, or any other defining characteristics. The Aspen Institute would call this the unconditional component of the cash transfer program.

Given the exploratory nature of the programs reviewed, with the exception of the Alaska Permanent Dividend Fund and the Eastern Band of Cherokee Indians, each of them has certain eligibility requirements that prevent them from being considered unconditional.

Another component of universality is the unrestricted component of the cash transfers. While existing social safety net programs such as TANF, SNAP, and Medicaid are restricted for specific purposes, all of the programs included in this research meet the requirement of providing unrestricted cash to families. In other words, families are not restricted in how and on what they spend the funds they receive through the program (see Table 2).

Which programs provide “basic income”? A basic income means that the funds received are enough to meet families’ basic needs and can be supplemented by additional, earned income. In the United States, currently no social programs (or a combination thereof) are substantial enough that they provide a true basic income to families. Even when receiving the maximum amount in benefits, most if not all families still struggle to make ends meet. However, some of the programs under review aim to provide enough cash to families to meet basic needs.

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Table 2. Unrestricted Cash Transfer Programs in the United States, categorized by definitions of “Universal” and “Basic Income”

<table>
<thead>
<tr>
<th>Program name</th>
<th>Universal Unconditional</th>
<th>Universal Unrestricted</th>
<th>Basic Income Basic needs</th>
<th>Basic Income Income supplement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stockton Economic Empowerment Demonstration</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Magnolia Mother’s Trust</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>LIFT Family Goal Fund</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Economic Opportunity Initiative</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Family Independence Initiative</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Alaska’s Permanent Fund Dividend</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Eastern Band of Cherokee Indians</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>U.S. Income Maintenance Experiments</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

As Table 2 shows, most of the programs are conditional – they are not accessible to all families or individuals. Rather, access to the program is conditional on meeting certain criteria, for example income levels, gender, or participation in other programs. Most programs are also designed to provide *supplemental income* - income in addition to existing benefits that a family or individual is already receiving. The UBI pilots SEED in Stockton, CA, and the Magnolia Mother’s Trust in Jackson, MS, do have the goal to *meet basic needs* although they are not designed to replace the existing social safety net, but rather be *supplemental income*.

**How do cash transfer programs communicate with families and program participants?**

While academics and policymakers often use theoretical concepts, such as universal, unrestricted, unconditional, and basic income, our research found that such terms are largely absent from communication documents of actual cash transfer programs. Through our online review and our conversations with two programs, the following themes and recommendations emerged for how programs communicate with families, elected officials, and program funders about cash transfer programs.

*Whenever possible, rely on trusted relationships as participants may initially think the program is a scam.*

When Multnomah Idea Lab (MIL) designed their Economic Opportunity Initiative, they intentionally partnered with a local organization that helps families living with low incomes with their tax returns. This was effective because tax filers were already prepared to share personal financial information with this
organization; yet, individuals were still skeptical about the program’s legitimacy. MIL set up a special hot line that verified the program in order to respond to the high volume of concerns.

When the City of Stockton, CA, started outreach for their program, they wanted to be careful not to reach out to more people than they would accept into the UBI pilot program. However, after a low response rate, they had to increase the number of individuals they contacted in order to recruit enough participants. They also found that nudges like handwritten notes or soft handoffs helped build trust.18

Engaging and building trust with program users will define its success.

The Stockton program (SEED) has included families from the beginning of its planning process through community engagement sessions and roundtable discussions. Not only are families receiving the benefits participating in the evaluation process, but there is also a “control group” of families with similar characteristics who are deeply involved. By presenting the program as an opportunity to build equity and inspire others, the SEED program successfully engages families in the project.

Communicate clearly and consistently that the money is intended to be used and has “no strings attached.”

The staff of one program shared that when they transitioned their program from restricted to unrestricted cash, very few program participants took advantage of the opportunity. She attributed this to families not having a clear understanding of the program, expecting the money to have “strings attached” and not wanting to ask for a “hand out.” The staff emphasized the importance of having staff that clearly understand the goals of the program and communicate that clearly to the families they serve.

SEED’S RECOMMENDED COMMUNICATION WITH COMMUNITY MEMBERS TO INCREASE SUPPORT FOR PROGRAM:

“The Stockton Economic Empowerment Demonstration (SEED) is the country’s first mayor-led guaranteed income demonstration. It’s “guaranteed” because it is unconditional, there are no strings attached and no work requirements. Before we look at what this program is and why it’s so important, we want to hear from you about what the economy in Stockton is like and explore how we got here.”


Participants talk to each other and may share their experiences with one another.

It’s important to have consistent communication with all participants and try to prevent challenges that could arise from unclear expectations. For example, MIL shared that one of their program participants received the cash while the participant’s roommate was in the control group and did not receive the cash. This can lead to difficulties and harm to trusting relationships—program designers should be aware of possible conflicts that arise from participants connecting with one another.

How do programs communicate with elected officials and funders?

Communicating with elected officials and funders should be strategic and dependent on the political and philanthropic landscape of the program’s context. Yet, our research uncovered several more general themes around trusting families living with low incomes and combatting concerns about wasting money and disincentivizing work.

18 Another question that may be worth looking into is whether this was also a concern with Magnolia Mother’s Trust or if they were able to avoid this hurdle due to existing long term relationships with the mothers in their program.
Communicate that individuals and families impacted by a problem often have the wisdom for how to solve the problem.

In order for policymakers and funders to support unrestricted cash transfers, they must trust that individuals experiencing poverty know what they need in order to improve their financial wellbeing. In our conversation with LIFT, we learned that early cash transfer programs—precursors to their Family Goal Fund—emerged after staff repeatedly recognized the relatively small-to-medium cost barriers (parking tickets, child care, unexpected expenses, etc.) that kept their clients in poverty. They listened to their clients and built a program based on the needs that they heard. Similarly, the Magnolia Mother’s Trust was developed from ongoing relationships with women trying to move out of poverty.

Start conversations about the underlying causes of poverty.

In our conversation with MIL, the staff shared political challenges that included a lot of narrative around waste, which was connected to who was in poverty and why. They used this as an opportunity to have open conversations about causes and experiences of people living in poverty. While these conversations may have been productive, they were also extremely controversial.

SEED also addressed this concern in their communication materials: "A hand up, rather than a hand out, SEED seeks to empower its recipients financially and to prove to supporters and skeptics alike that poverty results from a lack of cash, not character." The Magnolia Mother’s Trust has been featured in numerous podcasts and articles that highlight the human experience of living in poverty.

PRESS RELEASE ABOUT THE EXPANSION OF THE MAGNOLIA MOTHER’S TRUST:

“[The program is] a direct result of women living in poverty telling us what they needed to get ahead—from moving to a safer neighborhood, finishing college or simply being able to consistently put food on the table—was cash. My hope is that the Magnolia Mother’s Trust serves as an example to policymakers that the most effective way to craft a solution to a problem is to listen to those experiencing it.”


Families living with low incomes spend the majority of their money on basic necessities.

Connected to concerns around wasting money, programs highlight their findings about how program participants use the unrestricted funds to improve their lives. Programs highlighted that cash was typically spent on basic needs (food, housing, transportation), employment related expenses (child care, interview clothes), and paying off predatory debt. Recent research on how families have spent their stimulus checks reinforce these findings. These findings contradict the narratives around wasting money on irresponsible expenses that exacerbate poverty.

Providing cash to families living with low incomes does not disincentivize work.

Critics are most likely to argue that unconditional, unrestricted cash will disincentive work. There is a lot of evidence to disprove that theory. Research on the programs in Alaska, the Eastern Band of Cherokee Indians, and from the impacts of the Income Maintenance Experiments (IMEs) show little evidence of cash

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19 Stockton Economic Demonstration Project. https://www.stocktondemonstration.org/
recipients choosing to work less when receiving cash. Rather, programs are correlated with positive outcomes such as higher educational achievement. Similarly, the SEED project shared that only 2% of the individuals in their study were unemployed and not looking for work.

Funded by the state’s oil revenues, Alaskans receive payments around $1,000 to $2,000 each year. Researchers found that the dividend has had no effect on employment. This was attributed to “a positive general equilibrium effect - the additional income leads to higher consumption, boosting labor demand – that offsets the negative income effect.”

Similar to the findings in Alaska, research on the Eastern Band of Cherokee Indians examines longer term effects of people receiving unrestricted cash transfers. Using casino income, the Eastern Band of Cherokee Indians provide yearly dividends of around $4,000 per person. They found the transfers had no impact on employment. While the Alaska findings can be attributed to a general equilibrium effect, this is unlikely with the Eastern Band of Cherokee Indians, since they don’t represent a large share of the local labor force. In addition to no effect on employment, researchers found positive effects on outcomes related to children’s educational attainment, criminal activities, and behavioral health.

The United States IMEs and Manitoba Basic Income Experiment (“Mincome”) are two prominent examples of Negative Income Taxes (NIT). Both taking place in the mid-1970s, IMEs and “Mincome” provided cash transfers to families for a finite amount of time. Studies of the U.S. IMEs have estimated substation elasticities around 0.1 to 0.2 and income elasticities around -0.1. Studies of “Mincome” had mixed results. Early studies found a small, statistically insignificant negative effect on labor supply. A more recent study found a larger negative effect in a rural community of Manitoba. Because “intertemporal labor supply elasticities” are generally higher than elasticities for permanent price changes, the NIT experiments likely overstate the negative effects of cash transfers.

Providing cash to families could lead to reductions in administrative costs associated with the current social safety net.

When describing the political stakeholders involved in their work, LIFT referenced the framing around unrestricted funds as an opportunity to allow for more flexibility in the administration of the funds. LIFT’s cash transfer program has seen many iterations over the years, which has significant upfront costs associated with building the infrastructure necessary for a sustainable program. Similarly, in the initial stages of their partnership with the Family Independence Initiative (FII), MIL had to develop relationships with partners, funders, and families. However, with the expansion of FII throughout the state of Oregon, there may be reduced administrative burden in the long term.

Keep in mind that politics can quickly change the course of the program.

Given the political leanings of current commissions, programs can be support or cut short. In Ontario, Canada, a pilot program started in April 2018 that was intended to last for three years. The pilot was prepared to enroll 4,000 families living with low incomes with payments based on 75% of Low Income Measure (LIM). However, when more conservative politicians gained power, the pilot program was cut short.


LIFT’S MESSAGE TO POLICY MAKERS AS STATED ON THEIR WEBSITE:

“We can trust parents. If given access to funds—and the right to choose how to spend it—our data show that parents spend on what they need most.

Fewer restrictions, more results. Existing cash and cash-like supports such as food stamps (SNAP), welfare (TANF), and the rest (e.g. WIC) are vital resources that help families get by. Offering more of these supports, not less, is the most effective way of reducing child poverty.

More bang for your (public) buck. Research shows that increasing families’ incomes during a child’s earliest years leads to better long-term academic performance, health outcomes, and employment for their children. Our results show that even small cash infusions can help by pulling parents back from the brink of crisis and making them more successful at achieving educational, career, and financial goals.”

Source: https://www.liftcommunities.org/why-lift/family-goal-fund/

Let foundation partners know that they have the opportunity to try something new.

When communicating with private funders, MIL explained that with private dollars, they would be able to test something that the government hasn’t tried before. They emphasized that their investment would be a way to challenge entrenched systems and found that foundations were interested in supporting this approach.

How do the programs interact with existing benefits?

While some programs have been able to successfully pursue waivers for some public programs, others have found creative ways to manage the interactions between cash and benefits. For example, LIFT worked closely with a tax attorney to categorize the contributions as a gift, which is not counted as income because of its alignment with LIFT’s mission. They also exercised caution when talking with families about the funds and potential asset limits that may arise in other programs. Because of these relationships with mean-tested programs, LIFT had to be strategic when coming up with an amount of money for families that wouldn’t inadvertently lead to a cliff effect.

MIL on the other hand pursued waivers; however, the staff was unclear on the process at the start of the pilot, which caused problems down the road. His lesson learned is to make sure you know the correct way to do it before you try.

The Jain Family Institute has worked with SEED to take three approaches to this challenge. They pursued waivers that exempted the guaranteed income from being included in benefits eligibility calculations. These were secured with CalWorks by working closely with the San Joaquin County Human Services Agency. To ensure no harm, SEED also provided individualized benefits counseling during the onboarding process. This benefits counseling detailed exactly how the additional $500 might impact a family’s other benefits so that potential SEED recipients could make informed decisions prior to enrolling in the program and study. Lastly, SEED established a Hold Harmless Fund, which reimburses recipients for any unanticipated benefits losses. SEED will also provide support after the demonstration to recipients who need to re-enroll in benefits programs. It seems that this Hold Harmless Fund may be inspired by Alaska’s

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26 At this time, we don’t have a more detailed understanding of how the cash “gift” that families receive from gift interacts with their receipt of means-tested benefits.
Hold Harmless Statute, which reimburses families for SNAP benefits that have been lost due to receipt of Alaska’s permanent dividend fund.27

The City of Saint Paul is also developing and implementing a UBI pilot program. They aim to utilize CARES dollars, which will not impact public assistance since they are categorized as a tax credit. After the end of the year, when CARES funding is no longer available, they aim to pursue waivers. Similar to the project in Stockton, each participant will meet with someone before enrolling to make sure they understand the risks associated with participating in the program.

Are cash transfer programs geared towards longer term policy changes?

The programs we spoke with were excited about the possible policy implications from their programs. The person we spoke with at LIFT was excited about the possibility of UBI in the future. MIL shared their proposal for a “UBI plus” program that was race explicit and aimed to close existing racial disparities. They planned to amortize the wealth difference between white, black, and Asian participants, and use that to add to UBI to end the year with equal wealth among participants. Media around the projects in Stockton and the Magnolia Mother’s Trust have also contributed to the ongoing conversations around a federal UBI or similar proposal.

In the near term, LIFT looks forward to additional relief packages with direct resources (cash/checks) for families. They advocate for increases in EITC with the option to make payments disbursed throughout the year, as well as increasing and unrestricted funding for TANF, housing, and other assistance programs.

Further considerations, questions, and next steps

With this review of existing cash transfer programs, we aimed to answer our initial questions; however, this was not an exhaustive review nor are all answers complete. There are a number of topics we believe can be explored further, including:

What is the return on investment of a universal approach?

Economists have studied the impact of early childhood programs and calculated a percentage return on investment (around 13%) that has been leveraged to build a case to policymakers that early childhood programs are worth the investment in the long run.28

There is no similar body of research around UBI, at least none that is widely accepted; however, the applications of household production theory and human capital theory suggest that the investment could have positive long term economic effects.29

Household production theory and human capital theory provide a framework for understanding the ways UBI could have a positive long-term effect on the labor market. By increasing income for families living with low incomes, household production theory suggests that parents can and will help their children succeed so they do as well as their higher income peers in terms of educational attainment and employment.30 UBI can also provide young and middle-aged workers the opportunity to invest in

27 To review the Alaska statute: http://dpaweb.hss.state.ak.us/manuals/fs/605/605-7.htm
education and training. This would help address the growing “skills gap” in the workforce and increase labor supply in the medium and long term. Human capital theory suggests that access to additional education and training opportunities will help reduce poverty and improve worker wages and job satisfaction for multiple generations.31

The personal stories shared by the cash transfers programs support these theories. For example, MIL talked about the immense gratitude expressed by cash recipients and the impact the transfer had on their ability to pay for basic necessities.

Recently, Stockton shared some impressive results of their study. Researchers were surprised by the impact the seemingly small, temporary transfer had on participants’ lives:

“...The researchers said that the extra $500 per month was enough for people with part-time jobs to take time off so they could interview for full-time jobs that offered better pay. They also said the money could have helped people who weren’t working at all find jobs by allowing them to pay for transportation to interviews.”32

The Magnolia Mother’s Trust shared the significant impact transfers, programming, and financial education had on the life of a program participant, Cheryl Gray. Through the Magnolia Mother’s Trust, Gray, who hadn’t had a bank account prior to entering the program, has been able to move out of the projects to buy her own home, pay off credit card debt, pay for her child’s tutoring, and save nearly $13,000. ‘‘I’m making something of myself,’’ she said. ‘‘I don’t worry that much about money no more.’’33

The organization has also released data from its pilot program to demonstrate the positive impacts of the transfers.34

How do transfers interact with existing benefits?

It would be worth conducting additional research to better understand how increases in income through a flexible benefit set or supplemental income interact with the various public benefits that families receive. For instance, what would be the implications for housing assistance or health care?

What is the best approach for pursuing waivers?

We heard from both LIFT and MIL that Stockton would be the best program to speak to about pursuing waivers—unfortunately, we were not able to schedule a meeting with Stockton staff with our research timeline. LIFT mentioned that the Jain Family Institute was working on this as well and MIL mentioned the Economic Security Project. Reaching out to either of these organizations to talk about tactics for waivers would be a good next step.

Are there opportunities to begin public engagement?

SEED has an extensive facilitation guide that they have made publicly available. The guide is designed for facilitators to lead conversations about the history of economic inequality in Stockton and build interest in UBI or unrestricted funds. This guide could be helpful for anyone working to prepare communication materials around a cash transfer program.

34 See Appendix c for Magnolia Mother’s Trust evaluation one-pager.
Do families really need unrestricted cash?

Ultimately, all of these programs are designed to meet families’ needs. But what exactly do families need most—flexibility in funds, additional income, or financial support more broadly defined? And what amounts do families need? Most of the programs we reviewed operate from the assumption that families in poverty and living on low incomes need a lot more and recognize that the supplemental income alone is not enough to lift people out of poverty. But a better understanding of how and when families need what type of cash could be very helpful to inform program design.

How has racial equity been embedded into these programs?

With increased awareness of race-based wealth gaps, many programs aim to address the inequities inherent in the public assistance systems. Notably, the Magnolia Mother’s Trust program provides unrestricted cash specifically to African American women. The Multnomah Idea Lab includes discussion of racial wealth gaps in their public-facing materials and they have also designed a program that would take a race-explicit approach to providing cash, though this program had not yet been implemented at the time of writing. Additional research about how these programs, and others, approach racial equity in their work would likely offer additional guidance.

What are the specific dollar amounts provided in each program?

Programs provide varying cash transfer amounts to their participants – ranging from small stipends with the LIFT Family Goal Fund, to monthly $1,000 stipends through the Magnolia Mother’s Trust. Many programs that are active in the Mayors for a Guaranteed Income advocacy group, including SEED, provide $500 each month to participants. It would be helpful to learn more about how each program decided the amount of money, length of program, and delivery methods.

Who is the population of each program?

While some of the programs are universal (Alaska and Eastern Band of Cherokee Indians provide transfers to all who qualify), others are pilot programs or targeted programs that have conditional participation requirements. It’s worth noting the overlap among target groups for certain programs: Magnolia Mother’s Trust targets women living in subsidized housing, LIFT Family Goal Fund’s program targets families living in poverty, and MIL’s programs target families that had either recently exited from the TANF program or were eligible to receive EITC.
Appendix A: Definitions from Aspen Institute

**Basic income**: The cash provided is expected to cover a person’s basic needs, such as the costs of food, shelter, utilities, and other living expenses.

**Guaranteed income**: In these programs, a steady, predictable, and unrestricted amount of money is provided to recipients. A guaranteed income does not necessarily meet basic needs.

**Targeted**: Programs designed to service a specific population, such as households below a certain income threshold.

**Universal**: Programs that are universal are available to people broadly within a given community, without having to meet other specific qualifications.

**Universal basic income**: A universal basic income program, or UBI, would provide a financial stipend to individuals, regardless of need or other qualifying characteristics.

**Conditional**: A conditional program requires the recipient to meet certain eligibility requirements, such as having a young child, or maintaining a specific attendance record for school.

**Unconditional**: Unconditional programs have no behavioral or action-oriented requirements to be eligible for the program.

**Restricted**: Restricted programs limit the way that received funds can be utilized, such as by requiring the money to be used only to pay for housing or education costs or to start a business.

**Unrestricted**: Unrestricted programs have no limitations directing how the money can be used by recipients. 35

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Appendix B: Interview Protocol

FSI used the following interview questions as a guide to the conversation with MIL and LIFT:

1. What is the origin story and evolution of your cash transfer program(s)?
   a. Who did you look to? Research? Other organizations?
   b. Who were the key stakeholders?
   c. How did design change?
   d. Interaction with public benefits?

2. What’s the overall messaging for the program(s)?
   a. How has it been packaged for different audiences?
   b. How have those stakeholders responded?

3. Long term goals of the program(s)?
   a. Expectation of policy change?

4. Do you have (additional) results and impacts you could share?
Appendix C: Magnolia Mother’s Trust Pilot Evaluation One-Pager

What Changed?

- % of participants preparing 3 meals/day at home for their family: 32% increased to 75%
- % of participants able to pay all bills without additional support: 37% increased to 80%
- % of participants with a completed high school education: 63% increased to 85%
- Collective amount of predatory debt paid off during the pilot: Over $10,000

Having medicine on hand for a child’s allergies, obtaining all necessary school supplies and uniforms for children, owning a bed, having sufficient funds to pay a monthly energy bill...

These are just a few of the expenses participants in The Magnolia Mother’s Trust reported finally being able to take care of that were not possible with limited voucher programs that provide for some food and housing expenses but little more.

The 2019 pilot of The Magnolia Mother’s Trust provided $1000 of unrestricted, no-strings-attached cash to 20 low-income, African American mothers in Jackson, MS to better understand how a non-punitive, trust based benefit, like guaranteed income, could support families in not only exiting poverty but knowing that they have the freedom, dignity, and agency to be the authors of their own lives.

“[The Magnolia Mother’s Trust] made me realize that I want to do more. This is not it, there is more out there, and I want to push myself to do more... find a better job and think for myself.”
- Tia Cunningham

How did participants report spending the money?

1. Transportation/Travel
2. Purchasing a home
3. Paying bills
4. Education expenses
5. Credit improvement

100% said they have enough money to meet their basic needs
100% reported worrying less because of their met needs
100% saw an increase in positive family engagement
100% feel hopeful about their future in 5 years

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