



# Guaranteed Income Programs as a Strategy to Reduce Poverty and Boost Upward Mobility

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## The Problem of Poverty and the Impact on the Community

The cost of poverty is expensive to individuals and communities. According to an expert panel commissioned by The National Academies of Sciences, Engineering, and Medicine (NASEM) childhood poverty costs the United States an estimated range of \$800 billion to 1.1 trillion annually (NASEM, 2019). Children and individuals from marginalized or minoritized communities, such as those who have disabilities or are people of color, face poverty at alarming rates. According to the U.S. Census Bureau, in 2023 the child poverty rate was 16% in the United States, with rates ranging across states from 8.0% to 25.3% (Benson & Bishaw, 2024). The growing cost of living has increased vulnerability to financial instability. The impacts of poverty ripple throughout the community with adverse effects on core societal systems and structures such as the justice system, educational institutions, housing markets, healthcare providers, and our workforce economy. Given the multifaceted complexity of poverty, experts agree that multiple strategies are needed to help families achieve upward mobility (NASEM, 2019). Guaranteed income programs are gaining in popularity across the United States as an effective strategy to fight poverty and boost prosperity.

## What is Guaranteed Income?

Guaranteed Income is a systematic approach to addressing the economic vulnerabilities of low-income families by providing monthly cash support payments to fund basic needs and family stability. There are no restrictions on how individuals may use the funds, and they are not required to pay them back. By giving unrestricted cash allotments, these programs allow for personal autonomy for families to best fund their own unique immediate needs. NASEM experts agree on the importance of putting cash into the hands of families raising children (NASEM, 2019).

Communities pursue guaranteed income programs for a variety of reasons. Some communities aim to close the gap in wealth inequality for minoritized populations, while others aim to create 2-generational approaches to fighting poverty that simultaneously address the need of parents and children to reduce intergenerational poverty. Guaranteed income is not meant to be a replacement policy for other social welfare programs currently in place as it is an additional economic strategy available in an anti-poverty toolkit.

## Growing Momentum and Opposition to Guaranteed Income Programs

Guaranteed income pilot programs, like the examples listed below, have gained momentum over the past decade with local governments in collaboration with philanthropy co-funding these efforts. Their aim is to support low-income marginalized families in their local communities while also providing much needed evidence on the effectiveness of these programs.

Table 1. Examples of Guaranteed Income Pilot Programs

Denver Basic Income Project  DBIP  Denver, Colorado	Guarantee Income Validation Effort  GIVE  Gary, Indiana	Magnolia Mothers Trust Jackson, Mississippi	The Nest Seattle, Washington
<ul style="list-style-type: none"> <li>• 12 Month Guaranteed Income Cash Program</li> <li>• Target: Homeless Population</li> <li>• Results:               <ul style="list-style-type: none"> <li>• Increased Housing Stability</li> <li>• Growth in Full-time employment</li> <li>• Reported less use of Emergency Services</li> <li>• Fewer instances of sleeping on the street.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• 12-month Guaranteed Income pilot program.</li> <li>• Target: Low-Income Families</li> <li>• Results:               <ul style="list-style-type: none"> <li>• Higher educational attainment</li> <li>• Increased Job Skills</li> <li>• Creation of Small Buisness (Green, 2021)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• 12 month Guaranteed Income.</li> <li>• Target: Families led by Single Black Mothers.</li> <li>• Results:               <ul style="list-style-type: none"> <li>• Housing Mobility</li> <li>• Reduced Debt</li> <li>• Higher Education</li> <li>• Increased Credit Scores</li> <li>• Improved Job Quality</li> <li>• Quality Family Time (Green, 2022)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• 3 year Guaranteed Income.</li> <li>• Target: Indigenous pregnant women.</li> <li>• Desired Outcomes:               <ul style="list-style-type: none"> <li>• Housing Stability</li> <li>• Address Food Insecurity</li> <li>• Physical Safety</li> <li>• Strong Mother-Child Bond</li> <li>• Healthier Communities</li> <li>• 2-Generation approach to poverty. (Giordano, 2024).</li> </ul> </li> </ul>

These highlighted programs span from different parts of the U.S., target economic instability for different groups and have focused on distinct yet related outcomes. The common component has been cash payments. These pilot programs have been essential for providing a foundation of evidence in best practices and lessons learned to expand these efforts from pilots to policies that will cast a wider net to impact families in need across the country (Guaranteed Income Security Project, 2024).

Despite the success of these programs in reducing poverty and its ripple effects in communities, there has also been criticism and opposition from policy makers. In 2024, lawmakers in Arizona, South Dakota, Iowa and Texas introduced bills that would ban guaranteed income pilot programs. These bills are paving the way for other states to follow suit to prevent guaranteed income programs despite increasing evidence for their effectiveness.

## How Do Families Spend Cash Payments?

Those opposed to direct cash payments for low-income families are often concerned with how individuals would spend these funds. With recent pandemic-era policies that were similar to guaranteed income in the form of unrestricted cash payments from the American Rescue Plan (ARP) and the expansion of the Child Tax Credit (CTC), researchers examined how Americans spent these additional funds. According to the National Bureau of Economic Research, low-income families spent those payments on essential family needs, primarily food and housing (Gross, 2023). As a result of these policy changes, in 2021 the U.S. Census Bureau reported historic lows in childhood poverty rates.

However, when these pandemic-relief measures expired, the number of children in poverty grew by more than 5 million (Annie E. Casey Foundation, 2021). Evidence from Baby's First Years, a randomized control trial of unconditional cash payments to low-income mothers of newborns indicates that mothers spent more money on child care and child-specific items such as books, toys and clothing (Gennetian et al., 2024). Evidence from these pandemic-era policies and experimental programs demonstrate the potential for guaranteed income direct cash payments to meet family needs and reduce childhood poverty.

## How Do Guaranteed Income Programs Impact the Workforce?

Some opposition to guaranteed income programs stems from concerns that providing unrestricted cash payments will disincentivize work and weaken the local workforce and economy. For example, in Arizona, House Bill 2375 was unanimously approved in February 2024 to ban guaranteed income programs unless recipients are required to work or attend job training (Bill HB2375). However, guaranteed income has generally boosted workforce participation and educational enrollment as these cash payments help individuals pay for the resources that are necessary to gain stable employment such as child care, transportation, housing and job training or education (Gibson et al., 2020). This increased spending power can also boost the local economy (Jones & Marinescu, 2022). For example, the programs listed in Figure 1 indicate that results included increased full-time employment and creation of small businesses.

## How Are Guaranteed Income Programs Connected to Other Services for Workers and Families?

Some guaranteed income programs are integrated into existing workforce development programs and policies. This multi-pronged strategy is effective at reducing poverty and increasing individual and community prosperity. See Figure 2 for other examples of guaranteed income programs that are integrated into larger workforce development programs to produce community-level economic gains.

# The Workforce Development Council (WDC)

The Workforce Development Council (WDC) of King’s County Washington is a noteworthy example of the effectiveness of combining current social welfare programs and workforce development with direct cash payments. The program provides direct cash payments along with wrap-around support services and individualized case management to meet the variety of needs specific to each person, while addressing barriers keeping them from entering or staying in the workforce. This comprehensive approach produced a tangible return on investment by nearly doubling employment rates with reports of higher wages and acquired benefits, increased savings and retirement accounts, and an overall improvement in mental health (WDC,2024). King’s County is an excellent example of how adding guaranteed income as a tool to comprehensive social and economic supports can build a stronger workforce that contributes to boosting the economy.

Table 2. Examples of Guaranteed Income Pilot Programs Integrated with Workforce Development Programs

Richmond Resilience Initiative (RRI) Richmond, VA	Kings County Washington Workforce Development Council	Learn, Earn, Achieve Program (LEAP) Santa Fe, NM
<ul style="list-style-type: none"> <li>• Program Length: 24 Months</li> <li>• Amount: \$250-\$500/Month</li> <li>• Targeted Population: Residents who earn too much to qualify for government assistance but do not earn a livable wage.</li> </ul> <p><b>Results:</b></p> <ul style="list-style-type: none"> <li>• Participants trading second part-time employment for job training and educational advancements.</li> <li>• Monthly savings increased more than 100% from a mean of \$147 at baseline to \$305 at 24 months.</li> <li>• Savings for a down payment, money used to repair credit scores and one family has been able to purchase a home.</li> <li>• Families reported increased quality time spent with their children</li> </ul> <p>(<a href="http://garanteedincome.us/richmond">garanteedincome.us/richmond</a>)</p>	<ul style="list-style-type: none"> <li>• Program Length: 10 months</li> <li>• Amount: \$500/Month</li> <li>• Targeting Population: Previously incarcerated, resident with income below 200% of Federal Poverty Line</li> </ul> <p><b>Results:</b></p> <ul style="list-style-type: none"> <li>• Raised employment from 37 to 66%</li> <li>• Savings grew from 0 to 42%</li> <li>• Monthly income raised from average \$2,995 to \$3405 based on better employment opportunities.</li> <li>• Development of small businesses.</li> <li>• Increased completion rates of education programs. (Yoon-Hendricks, 2024)</li> </ul> <p><b>Additional Benefits Beyond Cash</b></p> <ul style="list-style-type: none"> <li>• Career Counseling</li> <li>• Career Training Programs</li> <li>• Funds to aid in transportation and housing costs (Sunberg, 2024)</li> </ul>	<ul style="list-style-type: none"> <li>• Program Length: 1 year</li> <li>• Amount: \$400/Month</li> <li>• Targeted Population: Youth Seeking an education. Age &lt;30 who are primary caregivers for a child &lt;18 who is enrolled in a degree or certificate program at Santa Fe Community College</li> </ul> <p><b>Results:</b></p> <ul style="list-style-type: none"> <li>• Participants were able to work only 1 job while attending school versus 2+ jobs + school + parenting.</li> <li>• Less stress and anxiety.</li> <li>• More quality time with children.</li> <li>• Afford emergencies</li> <li>• Allowed continued education without gaps in semesters</li> <li>• Childcare affordability to attend school (Santafeleap.org)</li> </ul>

## Conclusion

Poverty is a complex multifaceted issue that affects individuals and communities and requires large-scale innovative solutions. Guaranteed income programs alone will not end poverty, but emerging research evidence suggests that these programs can be one effective strategy to reduce financial strain on families and promote family and community prosperity. Guaranteed Income programs have taken different forms to achieve this success across diverse communities. When families can afford to meet their immediate needs, they can explore opportunities that will better their futures, lead to economic self-sufficiency and set up their children for future success. These benefits can ripple across communities to create stronger, healthier and more prosperous communities for all.

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