

INNOVATION: A Guaranteed Income

THE PROBLEM

The dramatic increase in unreliable work and the concentration of wealth threatens to undermine the foundation of the modern social contract: the idea that if you work hard and play by the rules, you can get ahead in the United States. Low-income Americans are struggling to pay heating bills and make rent, and many in the middle class live on the financial brink as skyrocketing childcare and medical costs overwhelm stagnating incomes. Almost half of Americans do not have enough savings on hand to cover a \$400 emergency. Technological advancements threaten to accelerate these trends: it's possible that the next wave may not just destroy low-skill jobs, but also destabilize many of the positions that used to provide a middle-class life. Our response to these shifts has been tepid, failing to reflect the current and coming economic challenges. The country is anxious and in no mood for incrementalism – 72 percent of Americans believe that the government's policies since the recession have done little to nothing to help middle-class people. Further, entrepreneurs are constantly changing the status quo and making policies and plans obsolete as soon as they are finalized. How can we build an evidence-based social safety net that unleashes the potential of citizens and provides economic stability through periods of personal and societal transition?

THE SOLUTION

A guaranteed income, also known as a universal basic income (UBI), is a system of widely distributed, regular, unconditional cash stipends. Variations of guaranteed income have surfaced throughout history: Thomas Paine proposed the idea in *Agrarian Justice*, Martin Luther King, Jr. advocated for a guaranteed income, early 20th century economists defined the idea as a negative income tax, and Richard Nixon and Daniel Patrick Moynihan joined forces to advocate for an income floor that almost made it through Congress in the 1970s. We also have a modern-day version of a guaranteed income: the state of Alaska distributes an annual dividend to every Alaskan.

SOLUTION, CON'T

Here's what we know about unconditional cash: it works. In *No Strings Attached: The Behavioral Effects of U.S. Unconditional Cash Transfer Programs*, the Roosevelt Institute and economist Ioana Marinescu summarize the empirical evidence from three major natural experiments previously conducted in the U.S. Academics at leading institutions have proven time and time again that when given unconditional cash, the poor take care of their most basic needs and use their free time and energy to climb up the economic ladder – finding a job, starting their own business, or getting a degree.

THE STOCKTON CASE STUDY

The Stockton Economic Empowerment Demonstration (SEED) is the first pilot in the U.S. led by a local policy entrepreneur to collect evidence and elevate the experiences of those who receive a guaranteed income. Mayor Michael Tubbs is inspired by the vision of Dr. Martin Luther King, Jr. – a proponent of a guaranteed income – to tackle poverty and limits to opportunity by investing directly in Stocktonians. The motivating question is simple: in communities that are looking for a way forward amid disinvestment and shifting economic forces, can a guaranteed income unleash potential and provide needed stability?

Working with two expert researchers – Dr. Stacia West, Assistant Professor at the University of Tennessee, and Dr. Amy Castro-Baker, Assistant Professor at the University of Pennsylvania, we will collect meaningful, rigorous data and tell powerful stories to inform the public and decision-makers on how to build social policies that work for people now and in the future. Approximately 100 Stocktonians will receive \$500 a month to test the impact of a guaranteed income and to reframe perceptions about poverty, the working poor, and the middle class – a cohort that encompasses a majority of Americans. The recipients will begin to receive funds in January 2019.

The Public Policy Lean Canvas

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<p>PROBLEM</p> <p>The dramatic increase in unreliable work and the concentration of wealth threatens to undermine the foundation of the modern social contract.</p> <p>Almost half of Americans do not have enough savings on hand to cover a \$400 emergency. Technological advancements threaten to accelerate these trends.</p>	<p>INTERVENTION</p> <p>A guaranteed income for all. Towards this, the Stockton Economic Empowerment Demonstration (SEED) will collect evidence on the power of this intervention and elevate the experiences of those who receive a guaranteed income.</p> <p>SEED is also the first guaranteed income demonstration in the U.S. led by a local policy entrepreneur.</p>	<p>METRICS</p> <p>(*Evaluation metrics are still being developed)</p> <p>Security</p> <ul style="list-style-type: none">Financial: measures of income, assets, debt, benefits use.Housing: mortgage or rent strain and burden.Behaviors: alternative financial products and credit/banking access, use, risk, and behaviorsHealth: subjective measures of stress and anxiety, locus of control <p>Volatility</p> <ul style="list-style-type: none">Financial: income and expenditure shock and reliabilityHousing: mobility, housing quality, frequency of movesHealth: subjective measures of stress and anxiety, locus of control	<p>PARTNERS/RESOURCES REQUIRED</p> <p>Partners:</p> <ul style="list-style-type: none">Implementation entity/bodyFinancial disbursement entity/body (need will vary)Evaluation partner (if learning/evidence generation is a goal)Banking partner (optional) <p>Resources:</p> <ul style="list-style-type: none">Disbursement fundsOperational fundsField staff/capacity <p>ROLLOUT STRATEGY</p>	<p>BENEFICIARIES</p> <p>100 guaranteed income recipients</p> <p>Residents of Stockton</p> <p>City of Stockton</p> <p>IMPACT</p> <p>Will benefit from 18 month guaranteed income. Hypothesized that this will increase sense of security and mitigate volatility.</p> <p>Will benefit from opportunities to engage in community engagement events around the demonstration. Will have chances to tell their stories as well and contribute to the larger city-wide experience of being the first city to test this concept.</p> <p>The city benefits overall from increased investment in Stockton and the public attention that comes from the demonstration.</p>
<p>RISKS - POLITICAL AND OTHER</p> <p>POLITICAL</p> <p>Guaranteed income will not be popular with all constituents and has/will generate political pushback.</p> <p>In the case of SEED, the income is not taxpayer funded. If it were, it's likely the pushback would be stronger.</p>		<p>CONSTITUENTS</p> <p>Given that SEED will only have 100 recipients, there will be far more constituents who don't receive the benefit than those who do. We are working on mitigating negative impacts of this by creating widespread community engagement.</p>	<p>REVENUE AND/OR OTHER BENEFITS</p> <p>Cost</p> <p>Depends entirely on the size of the income, the length of time it's distributed, and the number of recipients. In addition to disbursement costs, basic operational costs are required too. Evaluation costs may also be required if electing to evaluate.</p> <p>Revenue</p> <p>No direct revenue streams; however, city's economy benefits from the demonstration through "multiplier effect" in addition to journalists, evaluators, partners coming to Stockton.</p>	

The Lean Public Policy Canvas is adopted from the Lean Canvas by Ash Maurya
The Lean Canvas is adapted from The Business Model Canvas by Alex Osterwalder (www.businessmodelgeneration.com/canvas)

Excel implementation by: Neos Chronos Limited (<http://neoschronos.com/>)

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