

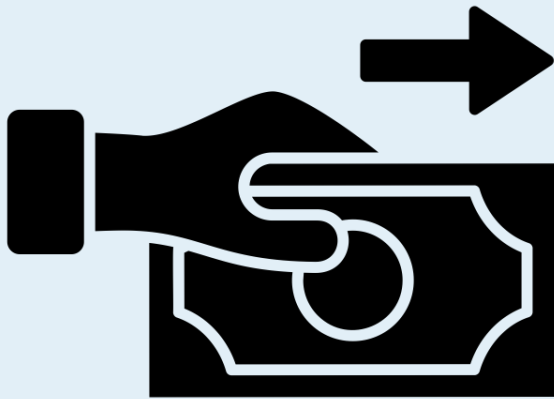
# Lessons Learned from Direct Cash Innovations to Improve Public Benefits

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FINANCIAL RESILIENCE SUMMIT

APRIL 9, 2024

# What do we mean by direct cash?



When we use the term “**direct cash**” we’re talking about payments made *directly* to individuals or families, by either a government or non-profit organization, for the purposes of promoting economic stability and mobility at the household level.

# Federal Direct Cash Programs

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**Social Security Retirement**

**Social Security Disability**

**Unemployment Insurance**

**Tax Credits**

**FEMA Disaster Assistance**

**TANF**

# Newer Direct Cash Innovations

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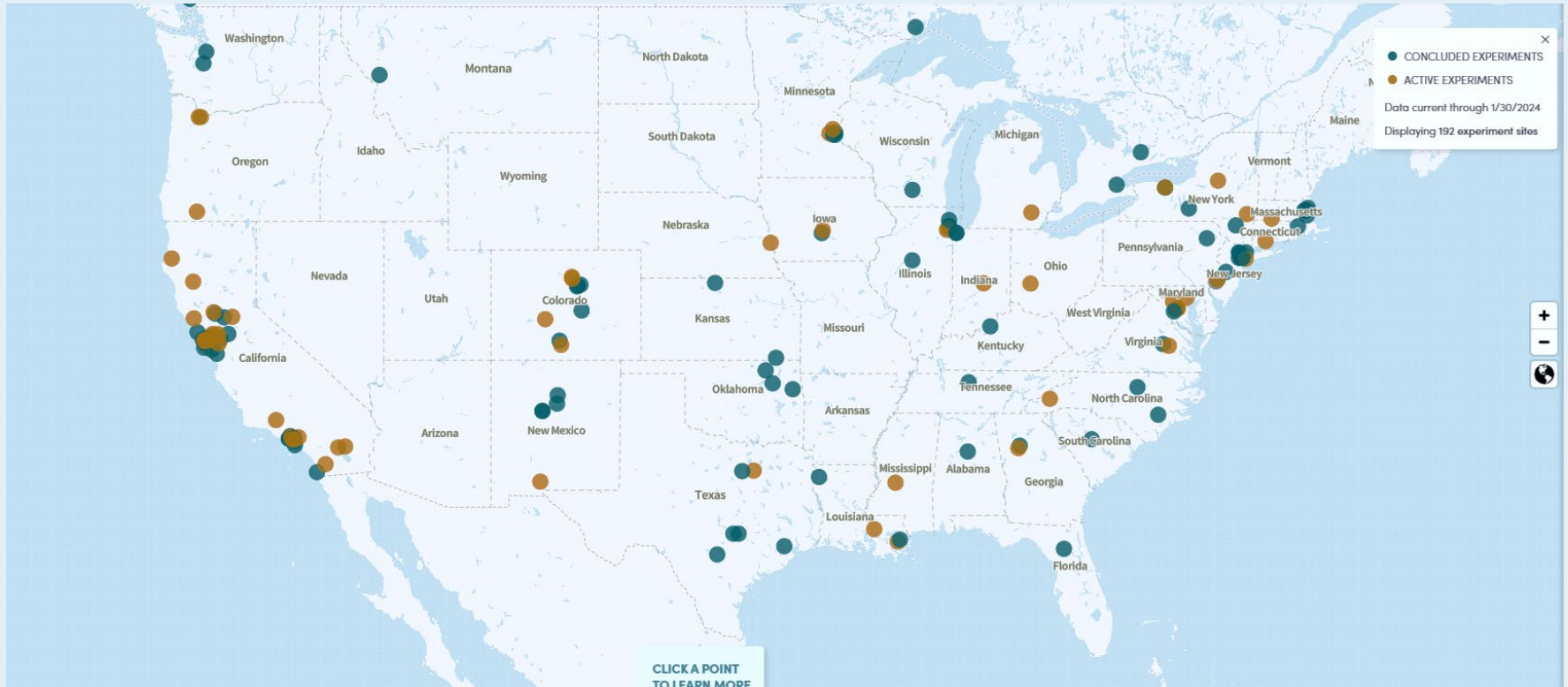
**Guaranteed Income**

**Advance Child Tax Credits**

**Child Allowance**

**Cash Benchmarking**

**Economic Impact/Stimulus  
Payments**



Courtesy of [Stanford Basic Income Lab](#)

# Guaranteed Income Pilots

# Guaranteed Income Pilots

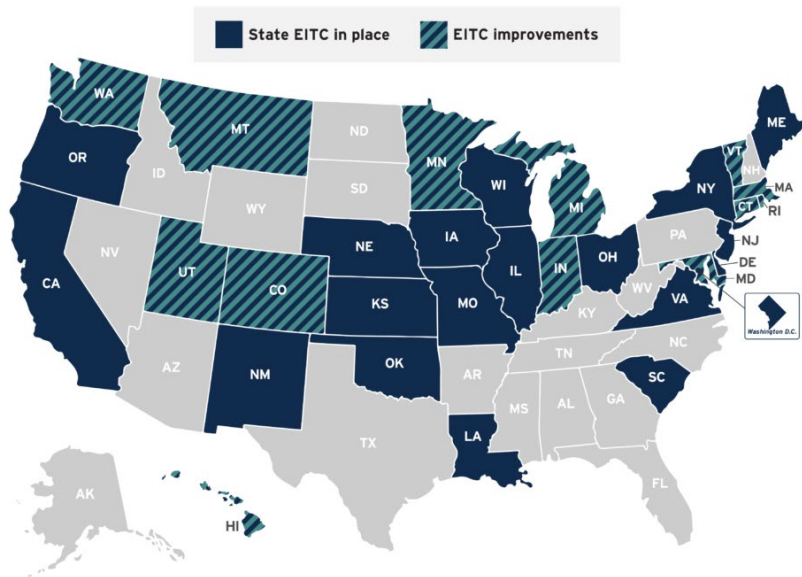
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- More than 150 guaranteed income pilots since 2020
  - State
  - Local
  - Private/non-profit
- Great variety in structure, goals, populations served
  - 12-24 months
  - \$500-\$1,000/month
  - 100 – 1,000 participants
- Dozens of research results to be published in the next 1-2 years

# State Tax Credits

## STATE EITCS

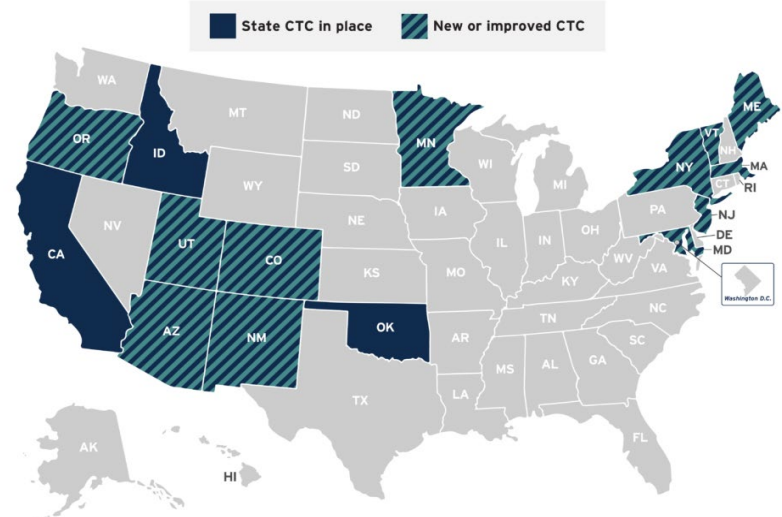
### State Action on Earned Income Tax Credits in 2023



Institute on Taxation and Economic Policy | [ITEP.org](https://itep.org)

## STATE CTCs

### State Action on Child Tax Credits in 2023



Note: The design and reach of state Child Tax Credits vary. In 2023, Arizona enacted a one-time child tax rebate. Lawmakers in Oregon and Utah passed new state Child Tax Credits. Utah's, however, is nonrefundable, meaning that it cannot be used by lower-income families who may have little state income tax liability but who pay substantial amounts of sales, excise and property taxes.

Institute on Taxation and Economic Policy | [ITEP.org](https://itep.org)

# State Tax Credits

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## ■ CTCS

- 14 states, plus the District of Columbia, have their own child tax credits
  - In 2023 alone, 10 states either created a new child tax credit or improved on an existing one

## ■ EITCs

- 31 states plus the District of Columbia offer an EITC
  - In 2023 alone, 13 states improved their EITCs

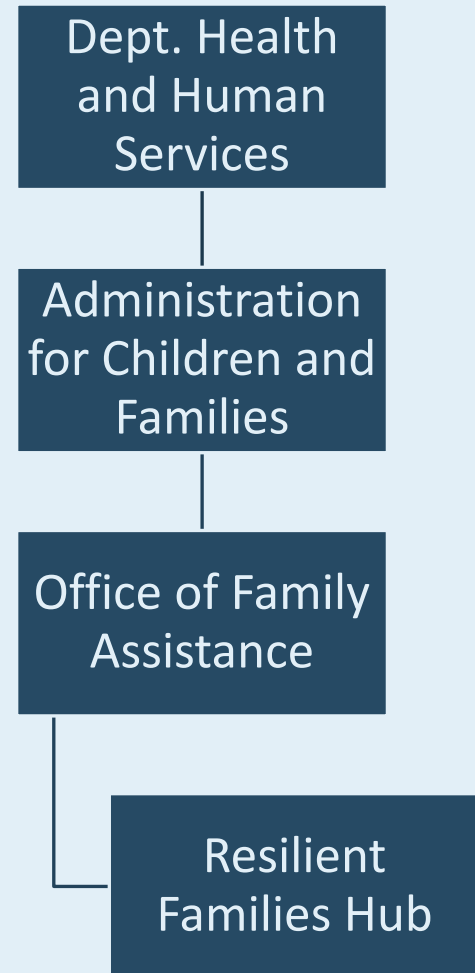
- These tax credits target low-and-moderate income families, support those caring for children, and are important policies towards improving equity



# Resilient Families Hub

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- **Goal:** Build a national learning agenda on impacts and best practices of novel financial assistance programs to households and identify opportunities for further federal activity
- Initiative of the Office of Management and Budget's interagency Facing Financial Shocks project
- Interagency team housed within the Office of Family Assistance



# Resilient Families Hub

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- Build a national learning agenda
  - Understand impacts and best use cases for cash based on emerging research
  - Scale direct cash research that bolsters household economic stability and mobility
- Identify best practices
  - Identify and share best practices for design, implementation and coordination of cash-based benefits
- Support State, Local, Tribal and Territories (SLTT) innovation
  - Meet with SLTT governments to understand current SLTT innovations and barriers

# Resilient Families Hub

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**Pete Subkoviak**  
Executive Director



**Rachel Black**  
Policy Director



**Elizabeth Lower-Basch**  
CLASP



**Megan Curran**  
Center on Poverty and Social  
Policy  
Columbia University



**Dr. Stacia West**  
Center for Guaranteed Income  
Research  
University of Pennsylvania

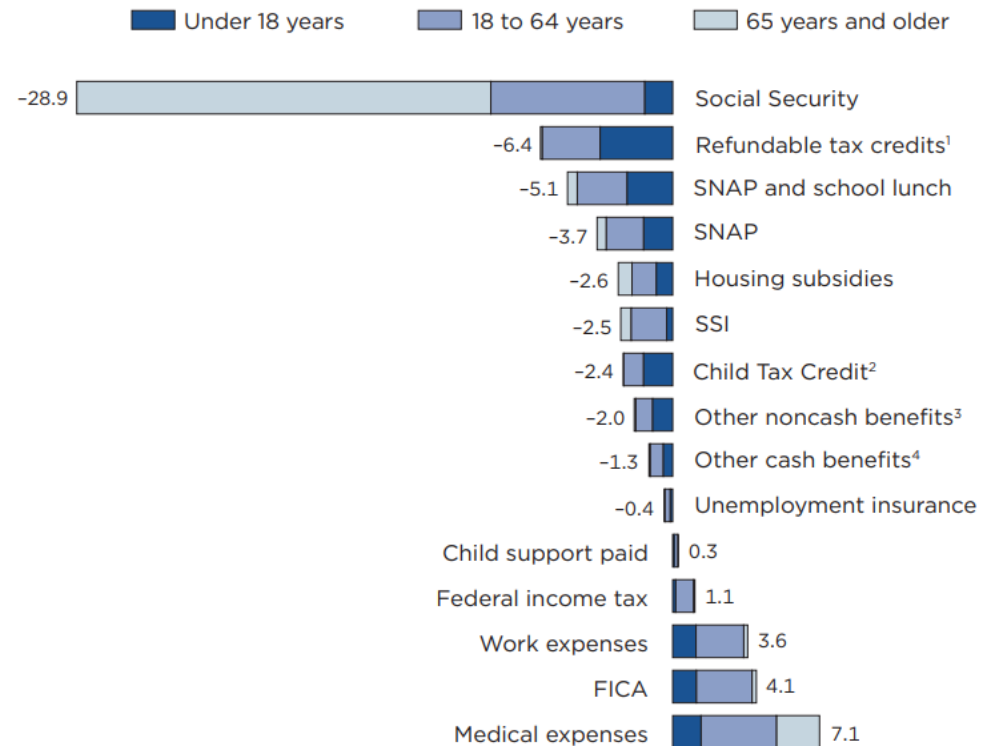
# Panel I: Research & Policy

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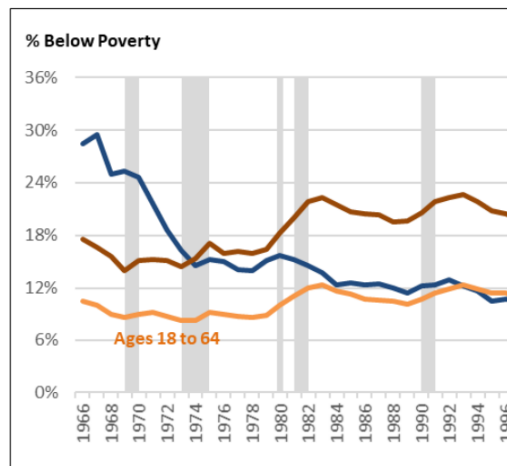
# Cash Benefits Reduce Poverty: Social Security

Figure 11.

**Change in Number of People in Poverty After Including Each Element: 2022**  
(In millions)



**Figure 2. Poverty Rates, by Age**  
Poverty rates in percentages. Shaded areas indicate confidence intervals.

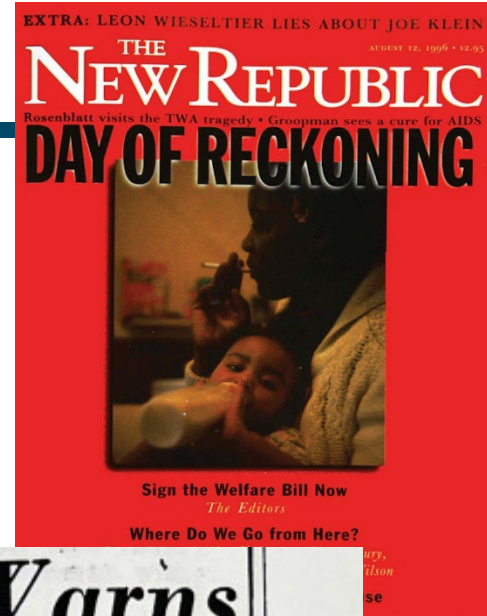


Source: CRS using data from U.S. Census Bureau, *Current Economic Supplements*, "Historical Poverty Table 3," <http://www.census.gov/hhes/poverty/histpovr00-96/histpovr00-96.pdf>



# Racism and “Deservingness” Have Limited Cash Benefits

WHO NEED COOKS AND MAIDS TO get them. Wives of colored soldiers, getting a monthly allowance from the Government, have, a number of them, declined to work on the ground that they can get along without working, according to reports. Others have flatly refused jobs without giving any reason whatever, while



## *We've Just Started Newburgh Warns*

"I'M A WOMAN. I'M A BLACK WOMAN. I'M A POOR WOMAN. I'M A FAT WOMAN. I'M A MIDDLE-AGED WOMAN. AND I'M ON WELFARE. IN THIS COUNTRY, IF YOU'RE ANY ONE OF THOSE THINGS YOU COUNT LESS AS A HUMAN BEING. IF YOU'RE ALL THOSE THINGS, YOU DON'T COUNT AT ALL."

**Johnnie Tillmon**



WASHINGTON, July 15 (AP). —Joseph McD. Mitchell, thirty-nine-year-old City Manager of Newburgh, N. Y., said today he is not only determined to fight for his plan to reduce the Hudson River town's welfare rolls but will expand the program.

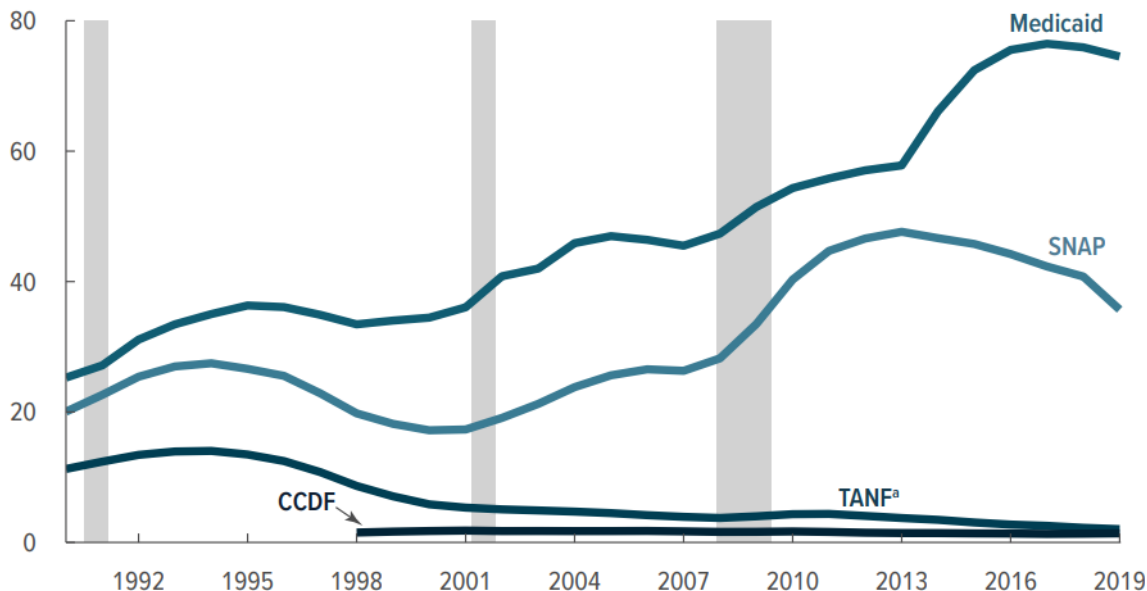
The controversial plan, comprising thirteen points, went into effect despite opposition from Gov. Rockefeller and other state officials.

# Work Requirements and In-Kind Benefits Are Not the Solution

Figure 1-3.

## Participation in Selected Means-Tested and Work Support Programs

Millions of People



# Maybe This Time Really Is Different:

## **Stimulus Payments (2008)**

- \$300-600 for individuals (\$600-1,200 if MFJ)
- Must have at least \$3,000 of qualifying income (earnings, retirement, but not SSI)
- Extra \$300 per child if eligible
- Must have filed 2007 return – payments made automatically

## **Making Work Pay Tax Credit (2009-2010)**

- 6.2 percent of earned income up to \$400 (\$800 for MJF)
- Incorporated into withholding tables
- \$250 payment to retirees, people w/ disabilities getting SS or SSI

## **Economic Impact Payments (2020)**

- \$1,200 \$2,400 if MFJ)
- \$500 for each qualifying child
- Most people received automatically through direct deposit or check
- Portal for non-filers



# Child Tax Credit: Evolution and Innovations

**Workshop: Cash Benefits Innovations**  
**2024 Financial Resilience Summit**

**Aspen Institute & White House Office of Management and Budget**

**April 9, 2024**

**Megan A. Curran, PhD**  
Policy Director  
[megan.curran@columbia.edu](mailto:megan.curran@columbia.edu)



# Child Tax Credit: The Case for Reform

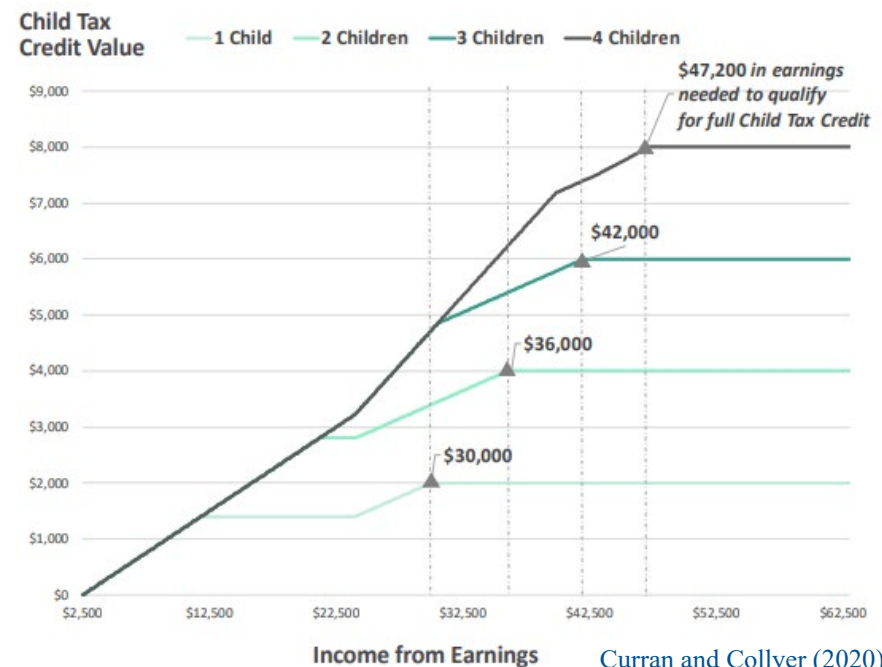
In 2019, **1 in 3** children in the US were excluded from the full Child Tax Credit because their families earned too little to qualify



## This also left out:

- ✗ More than 1 in 2 Black children
- ✗ 1 in 2 Latino children
- ✗ Close to 3 in 4 children in single-parent hl
- ✗ Close to 1 in 3 children in rural areas
- ✗ Close to 1 in 2 children in larger families (or more children)

[Collyer \(2019\)](#)



[Curran and Collyer \(2020\)](#)

# Impact of the Expanded Child Tax Credit



## ACCESS

Reached **over 61 million children**, but outreach needed to newly-eligible children families with lower incomes

## INCOME

Increased household liquidity and **buffered family incomes** amidst uncertain economy

## POVERTY

Kept **3 mil children from poverty** in 1<sup>st</sup> month alone & more over time  
Cut child poverty to **historic low**

## SPENDING

Low, moderate, and higher income families spent it on **basic household needs** – most common item: **food**

## HUNGER

**Reduced food insecurity** by **25%**, particularly among families with lower incomes

## STRESS

**Reduced financial stress** and material **hardship** (e.g. falling behind on expenses; housing debt)

## EMPLOYMENT

**No evidence** of real changes in parental work

## EQUITY

**Children of color** stand to **benefit the most** from a permanent expansion

*Plus:  
new evidence  
continues to  
emerge on  
impacts on  
health,  
child  
welfare,  
and  
more...*

# What Happened After the Expanded Child Tax Credit Expired?

## The Bad

### Child poverty rose sharply

- 3 million additional children in poverty in 2022 due to CTC expiration

**Food hardship and difficulty meeting expenses increased**

## The Good

### Huge growth in states establishing or expanding state-level Child Tax Credits

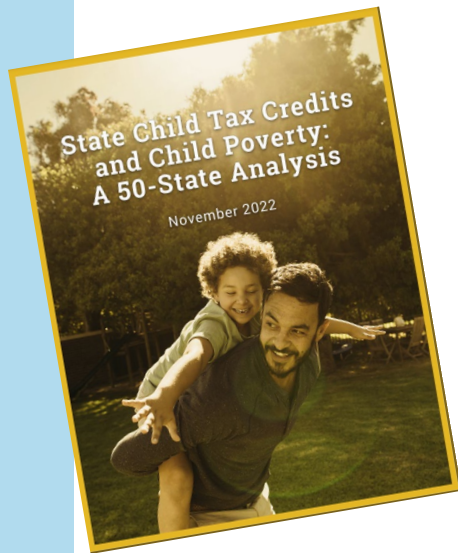
- In 2022, 10 states had their own CTC
- By end 2023, almost half of states had state CTC or active proposal for one  
(*14 states with a CTC + approximately 10 states with legislative proposals and campaigns*)
- Even more state CTC developments currently underway in 2024...

## The Promising

### Evidence base for considering a permanently expanded Child Tax Credit is large, robust, and consistent with international experience of similar policies

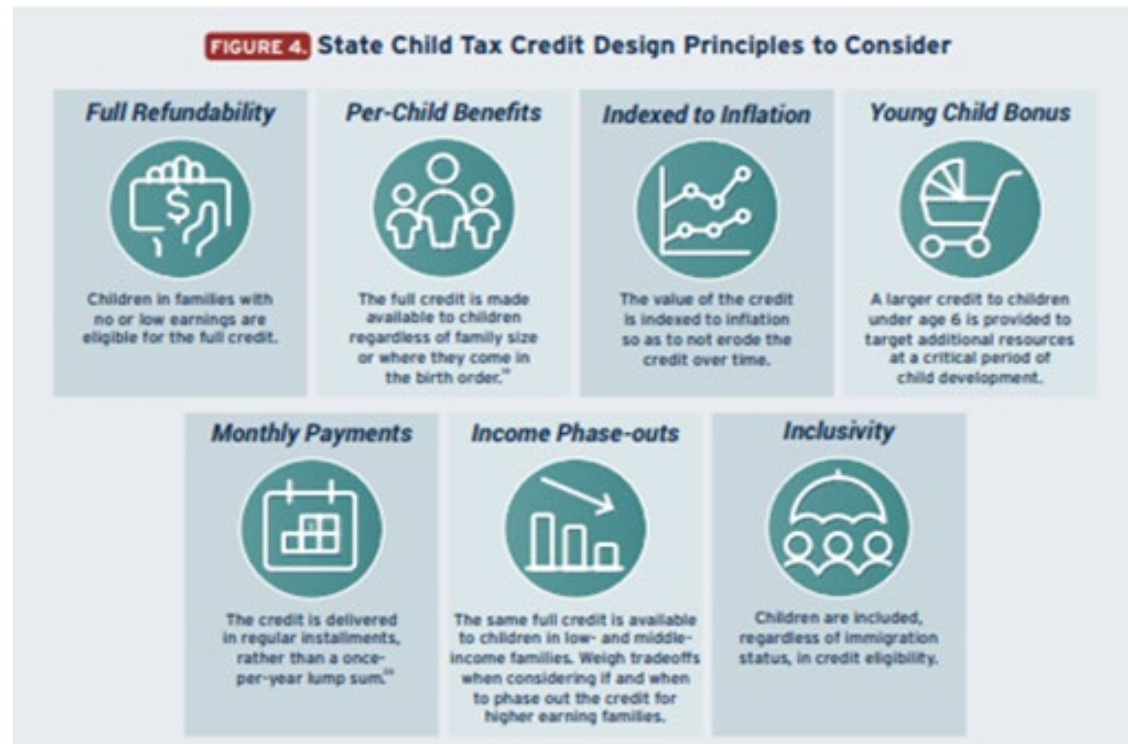
- Benefit-cost analysis indicates a permanently expanded federal CTC could generate \$10 for every \$1 spent every year, an annual ROI of 10X the annual cost
- Early estimates indicate similarly high rates of return could occur at state/local level

# Policy Design Matters: Principles for State & Local Credits



Joint report:

Center on Poverty and Social  
Policy at Columbia University  
& Institute on Taxation and  
Economic Policy



# US History of Guaranteed Income

## 1910s-1930s

- Bertrand Russell, Huey Long, and Dennis Milner
- Land tax, citizens' dividend, 'share the wealth'

## 1960s-1980s

- Lyndon Johnson, Richard Nixon, and George McGovern
- Negative Income Tax

## 2010s-Present

- Evelyn Forget, Andrew Yang, Ayesha Nyandoro, Natalie Foster, Michael Tubbs, et al.
- Guaranteed income, direct cash transfers, unconditional cash, UBI

Widerquist, K. (2019). Three Waves of Basic Income Support. In M. Torry (Ed.), *The Palgrave International Handbook of Basic Income* (1st ed., pp. 31–44). Palgrave Macmillan.



# Third Wave Experimental Findings

Domain	Findings
<b>Financial Stability:</b> Positive in 5/5 sites	Improved financial capability (CFPB Financial Wellbeing Scale); Improved ability to handle a \$400 emergency
<b>Employment:</b> Positive trend toward FTE in 4/5 sites; negative in 1/5 sites	Consistent upticks in FTE; reductions in unemployment; shift to gig work/self employment (Paterson)
<b>Housing:</b> Positive trend in 5/5 sites	Reduced housing cost burden; increased housing quality
<b>Mental and Physical Health:</b> Positive trend in 2/5 sites for MH; mixed across sites for PH	Marginal reductions in psychological distress; mixed findings on health impacts
<b>Child Development/Academic Performance:</b> Positive trend in 1/1 sites	More time spent with children; fewer school absences; better academic performance; higher educational aspirations for children

Findings from: Santa Fe, Ulster County, Paterson, Columbia, & Cambridge (N=790; T=382, C=378)

# Remaining Questions

## Dosage and Duration

- How much to provide and for how long to move which outcomes?
- Geographic considerations

## Cross-system involvement

- Successful re-entry after incarceration (Durham, NC and Gainesville, FL)
- Child welfare reporting (State of New York)
- Housing voucher waitlists (Philadelphia, PA)
- High school graduation and transition to early adulthood (New Orleans, LA)
- Transitions from foster care (Los Angeles, CA)

## Community-level effects

- Impacts on local economies
- Community spillover



# Panel II: Program Highlights & Design Innovation

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**Kim Johnson**

CA Department of Social Services



**Com. Paul Marquart**

MN Department of Revenue



**Dom Tocci**

Cook County Department of  
Economic Development



**Hope Wollensack**

GRO Fund



**Dustin Palmer**

GiveDirectly



**Brittany Christenson**

AidKit

# **Guaranteed Income Pilot Program**

## **California Department of Social Services**



## PRIORITIES OF GOVERNOR NEWSOM & THE CA LEGISLATURE

- Confronting Homelessness and the Housing Affordability Crisis
- Immediate Relief for CA Families
- Family and Equity Agendas
- Historic increased investments in Safety Net



# CA GUARANTEED INCOME (GI) PILOT PROGRAM OVERVIEW

- Authorized at **\$35M** by Governor Newsom and the Legislature as part of the 2021-22 State Budget.
- Awarded funding to seven projects across CA to provide unconditional and recurring cash payments intended to: disrupt poverty, advance equity, and support the basic needs of participants.
- Focus on supporting **former foster youth and pregnant people**
- Pilots will serve **nearly 2,000 individuals** with monthly payments ranging from **\$600-\$1,200 per month, for a period of 12-18 months.**
- Pilots must present match funding in the amount of at least 50% of the grant. (Many pilots also received funding from a GI Pooled Fund.)
- Pilots must also offer **benefits counseling** to all GI recipients and **center community voices** in program design

# CA GUARANTEED INCOME (GI) PILOT EVALUATION

- Partnering with the **Urban Institute and UC Berkeley** to conduct rigorous impact and implementation evaluations across all pilots
- The impact evaluation will assess **how offer and receipt of GI affects key measures of financial security and stability, employment, and well being.**
- It will also include population specific research questions for pregnant individuals (focus on improved pregnancy and birth outcomes) and for former foster youth (improved education and employment outcomes).
- Focus on **how guaranteed income payments interact with social safety net programs** and eligibility criteria for means-tested programs.

<https://www.cdss.ca.gov/inforesources/guaranteed-income-pilot-program>



Lessons Learned from Direct Cash Innovations to Improve Public  
Benefits  
**Minnesota Child Tax Credit**

Commissioner Paul Marquart

# Minnesota Child Tax Credit Background and Impetus

- Governor Tim Walz and Lt. Governor Peggy Flanagan “One Minnesota” goal of “making Minnesota the best state in the nation for kids and families.”
- A big component of that goal is to eliminate child poverty in Minnesota.
- Child advocates worked with Governor’s Office to design a child tax credit to meet those goals.
- Minnesota Legislature worked with the Governor to integrate the Working Family Credit (EITC) with a new Child Tax Credit.
- Legislation authorizes Commissioner of Revenue to establish an advanced, periodic payment of the credit which will start in the 2024 tax year.

# Minnesota Child Tax Credit Provision

- Starting in tax year 2023
- Maximum credit of \$1,750 per qualifying child, age 17 or younger, with no cap on the number of children
- Credit is phased out beginning at \$35,000 married joint filers and \$29,500 for other filers
- Credit is fully refundable and permanent; and credit amounts and income limit are indexed
- Approximately 300,000 families and 500,000 children are estimated to qualify
  - As of today, more than \$440 million claimed and benefits over 380,000 children
- **Credit is estimated to reduce child poverty in Minnesota by 33%**  
(according to the Center on Poverty & Social Policy at Columbia University)



# Challenges, Strategies, and Lessons Learned

- Interactions between advanced periodic payments and SNAP and other federal programs
- Fear of taxpayer having to pay back advanced credit if income status changes
- Trusting families as decision makers so good information is key
- Working with trusted advisors and advocates who know their communities
- Outreach is important
- Reaching those not required to file taxes
- Strong commitment from the Governor and strong backing from the Legislature



# Cook County **PROMISE** Guaranteed Income Pilot

Financial Resilience Summit – April 9, 2024





Cook County  
**COVID-19  
RECOVERY**  
Resident Cash  
Assistance



## 2020 Direct Cash Assistance

One-time \$600 unconditional cash payments to income-eligible suburban Cook County residents who had lost income or their jobs due to COVID-19. Program open for 6 weeks.

**\$8.3M**  
DISTRIBUTED

**13,887**  
RECEIVED  
PAYMENTS

### Resident Cash Assistance Applicant Demographics

**70%**  
FEMALE

**65%**  
HAVE CHILDREN

**\$18,000**  
MEDIAN INCOME

**80+%**  
FROM COMMUNITIES  
OF COLOR

**59%**  
LOST  
A JOB

**34%**  
HAD HOURS  
CUT



# Why Guaranteed Income?



Flexible benefit  
empowers  
residents to  
make their  
own financial  
decisions



Entrusts that  
low-income  
people do not  
lack character  
but rather lack  
cash



Lowers  
administrative  
burden on  
participants (and  
the government)  
vs traditional safety  
net programs



GI pilot studies  
have shown  
improved eco-  
nomic stability,  
educational  
attainment, and  
health



# Program Goals and Parameters

## Goals

- Improve financial stability, economic mobility, and health for participants
- Learn about impacts of cash on the local economy
- Generate learnings to inform a permanent program

## Pilot Program



3,250 households making <250% federal poverty level get \$500/month for 24 months



City and suburban residents



Optional financial counseling



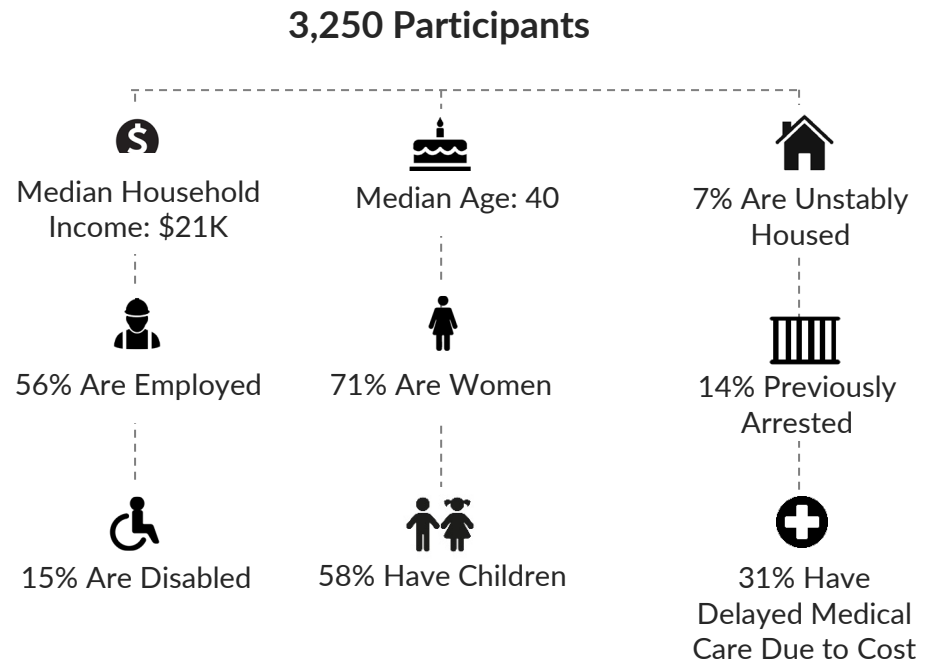
Evaluation component built in



# Promise Pilot Participant Profile

## Highlights:

- The County prioritized outreach to
  - **people with low access to healthcare**
  - **unstably housed individuals**
  - **justice-involved residents**
- More than half are employed
- The high proportion of female recipients with children is typical of Guaranteed Income programs



A cluster of purple flowers, likely magnolias, in the top left corner of the slide.

# Georgia Resilience and Opportunity Fund

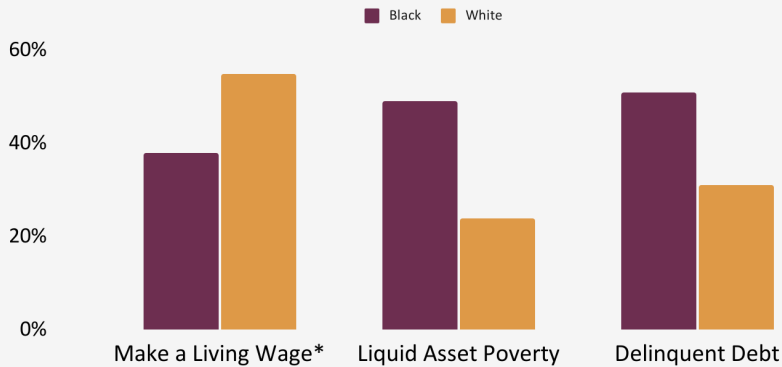
Rooted in communities, advancing bold strategies to end poverty and narrow the racial wealth divide

April 9, 2024

A cluster of purple flowers, likely magnolias, in the bottom right corner of the slide.

## While economic insecurity is pervasive, Black Georgians face the hardest impacts making it more difficult to weather financial shocks, build wealth, and get ahead.

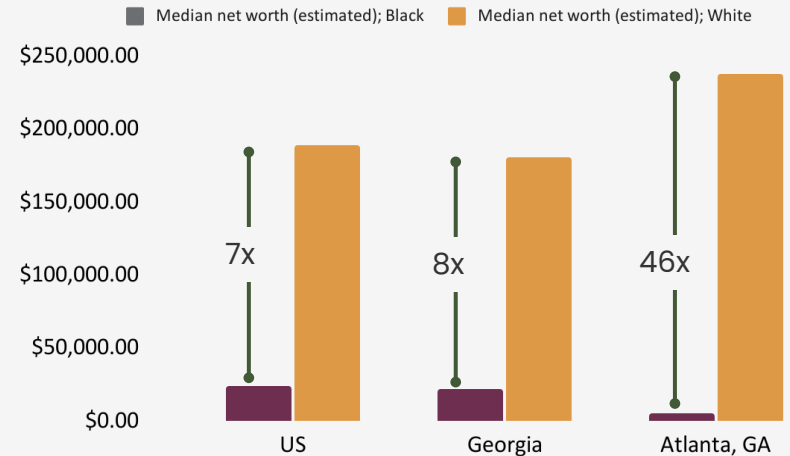
### Black Georgians are less financially secure



\* Approx. living wage for a household with 1 working adult and 1 child

Sources: [US Census Bureau 2022 ACS](#), [MIT Living Wage calculator](#), [Prosperity Now](#)

### Black households have significantly less wealth



Source: [Urban Institute](#)

**There are deep pay disparities across race and gender.** Black women are paid 63 cents for every dollar a white man is paid in Georgia. The pay gap widens as education levels and experience increase.

**The wealth gap is as large in Atlanta today (46x) as it was nationwide when the Emancipation Proclamation was issued in 1863.**



**In partnership with GiveDirectly, GRO runs one of the largest guaranteed income projects. IHH is designed to support choice & agency for participants.**

### Length

**2 years**

### Participants

**654 women**

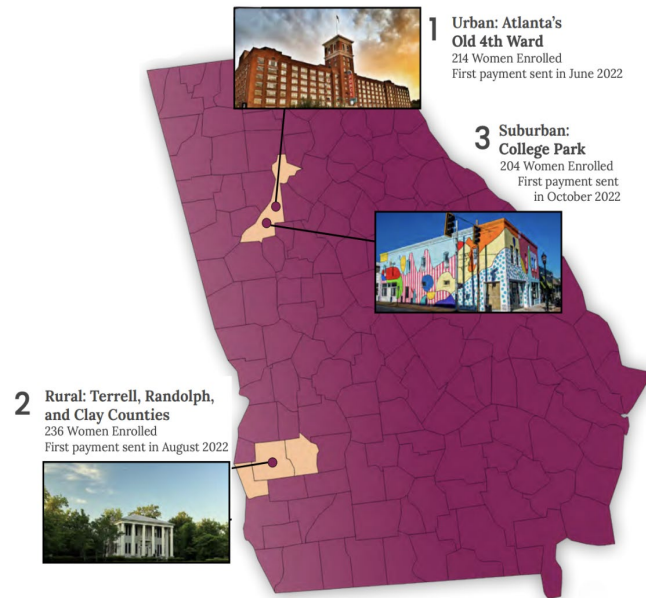
- Average income of \$14,000
- Average of 1-2 children

### Eligibility

Women at or below 200% of the federal poverty line within the neighborhoods

### Geography

**3 community sites** spanning urban, rural and suburban Georgia



### Cash Transfer Design

**Participants receive \$20,400 over 2 years and are randomly assigned to one of two payment groups:**

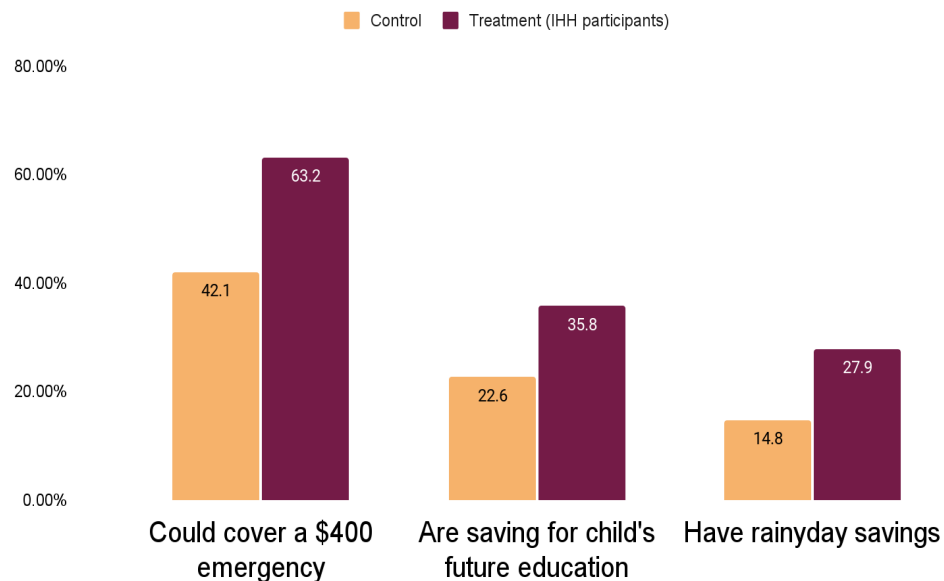
- Group 1: 24 payments of \$800/mo.
- Group 2: \$4,300 in month 1 then \$700/mo. for 23 mo.

### Learning Agenda

- Impacts of 2 years GI on financial stability & a range of outcomes (health, family, agency, etc.) in the short- and long- term.
- Overcoming wealth decelerators, accessing wealth accelerators

## After one year, participants experienced a wide range of improvements including financial stability and health outcomes.

### IHH participants are more financially resilient and are more able to save



**IHH participants skipped phone bills 27% less than the control group**



**IHH participants are 20% more likely to report being able to cover a \$400 emergency**



**IHH participants skip housing and utility payments almost 20% less**



**IHH participants are 27% more likely to report having access to healthy food**



**IHH participants skip medical care almost 20% less**

**You can read the full, "In Her Hands Year 1 Learnings" Report [here](#).**

**Building on the success of Phase 1, In Her Hands Phase 2 is launching in spring 2024, putting \$25M directly in the hands of women in Georgia.**

### Length

**3 years**

### Participants

#### **270+ women**

AMI is ~\$32,000, women earn 30% less than men, 70% of women w/ children live in poverty

### Eligibility

Women at or below 200% of the federal poverty line within the neighborhoods

### Geography

**Atlanta's Westside** neighborhoods of Bankhead/Washington Park, English Avenue, and Vine City.



### Cash Transfer Design

**Participants receive \$36,000 over 3 years and will choose their payment group.**

- Group 1: \$800/mo. + \$8000 “anytime” lump sum
- Group 2: \$1000/mo.

### Learning Agenda

- Impacts of 3 years GI on financial stability & a range of outcomes in the short- and long- term.
- The “choice-based design” is a new approach for GI programs.
- This model will generate new insights for GI and social safety net programs.

**GiveDirectly implements unconditional cash transfers at scale, because cash works.**

**Cash is the most studied anti-poverty intervention globally (300+ RCTs, including 20+ of GD).**

- *Recipients First:* Cash transfers give recipients the flexibility to pursue the goals that matter to them. Goals vary, and so do the impacts that different programs deliver.
- The evidence shows that cash does not lead to bad outcomes (like reduced work and inflation).

**GiveDirectly has implemented some of the largest cash programs here and overseas.**

- 1.5M+ people & \$750M+ in transfers to date, including. the world's largest and longest universal basic income ([Vox](#))
- US: Implementer for large basic income pilots (Cook & Harris County, Chicago, In Her Hands Georgia), as well as nearly \$200M national pandemic cash transfer program.

**Yet cash is largely absent from the U.S. safety net, despite hundreds of billions in spending.**

- Cash is less than 3% of U.S. safety net spending (excluding Medicaid and Medicare).
- The recent one year expanded Child Tax Credit shows the power and potential of cash.
- The U.S. has a national cash program (TANF), though little money reaches recipients directly.

## RxKids: A Prescription for Health, Hope, and Opportunity



## RxKids: A Prescription for Health, Hope, and Opportunity

**For many, income plunges and poverty spikes right before a child is born and remains high throughout the first year.**

- Maternal-infant period is critical window of child development and lays the foundation for a lifetime of health and success.
- Impact lasts into adulthood: Years after their moms received cash transfers, adult children experienced benefits across [health, education, and nutrition](#), [lifetime earnings](#), and reduced [anxiety and depression](#).

**Provides \$1500 pre-natal payment and \$500/month for 12 months to every family in Flint, MI**

- Leverages \$16.5M in TANF funds, plus city and private philanthropy
  - “Non-recurrent short-term benefits” (NRST) provisions of TANF
- Non-taxable gift income with protections for other benefits

**Since January launch, we’ve reached nearly 100% of eligible families**

- 500+ families enrolled and nearly \$1M in cash prescribed.
- About 60% of families report annual incomes under \$10,000.
- Evaluation of pre- and post-natal healthcare use, maternal and infant health outcomes, child welfare involvement, and local economic spending.

“The idea of being able to help Flint babies to be successful from the womb through the entire first year of life is a unique opportunity, and some would say impossible, but over the last year, Dr. Mona has shown us that we can make this happen.

Rx Kids is the type of support that will fill a void... This is the type of program that can enhance the success rates of healthy kids and healthy families for generations to come.”

- Ashley N. Strozier,  
Flint Mom

**Governor Whitmore’s FY2025 Executive Budget proposes expanding RxKids to more Michigan families.**



Deliver aid with *dignity*.



Design for the  
hardest to reach  
people first.







Accessibility and  
fraud prevention are  
two sides of the  
same door.

Leverage local  
expertise *and*  
centralized  
coordination for  
impact at scale





Renovating existing  
systems can be  
harder than building  
new ones

# Connect with the Resilient Families Hub

**Pete Subkoviak**

Executive Director

[Peter.Subkoviak@acf.hhs.gov](mailto:Peter.Subkoviak@acf.hhs.gov)

**Rachel Black**

Policy Director

[Rachel.Black@acf.hhs.gov](mailto:Rachel.Black@acf.hhs.gov)