

Accelerating Equity and Justice

Basic Income and Generational Wealth



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UNIVERSAL
INCOME
PROJECT

What We Want, Where We Are

Today, as they always have, people endeavor to make life better for themselves, their families, their community. We value lives with dignity, respect, community, and we value our freedom. We want an economy that works for all, that is good for the nation, and provides prosperity and human development, an economy that fairly allocates our tremendous productive wealth. People should be paid enough to provide wellbeing for families and to set kids off to a bright future. People want to retire in dignity with financial security.

Key Findings:

Combining **Basic Income** with generational wealth building **Kids' Futures Accounts** to form a **Just Futures Fund** would drastically reduce both income and wealth disparities.

- A \$1,000 per month Basic Income for each adult along with a \$250 payment per month, per child dramatically lowers the poverty rate, most noticeably for people of color, and eliminate poverty in key groups.
- Kids' Futures Accounts significantly increase the wealth of families of color and put racial wealth equity in reach.

The U.S. economy was prospering by the numbers: the stock market was at all-time highs, there were more millionaires and billionaires than ever before, and corporate profits were booming. Based on these numbers, prosperity should be within reach for all Americans. Nevertheless, evidence tells a very different story.

Families struggle to make ends meet with some months longer than paychecks can provide for. “Normal” was the problem before COVID-19, which now exposes our economic,

social, and health vulnerability and utter inadequacies of our safety net infrastructure. Our current landscape features massive and widening wealth and income inequality, sluggish poverty amidst ostentatious wealth, homelessness on the rise, stagnated living standards alongside stalled social mobility, one-third of Americans running out of money before their next paycheck arrives, onerous debt burdens, artificial intelligence and automation-induced employment anxiety, cavernous and deepening racial wealth inequality combined with aggravated race and ethnic tensions. The current policy response is not helpful; instead, it's part of the problem as safety net and wellbeing programs are under severe attack.

These injustices have architects, rendered in policy, and solidify into structures made by people. Man-made, these injustices violate common values and thwart aspirations. Action can change manufactured policy and structures created by people. The economy is off-kilter, too much wealth in too few hands that erects artificial barriers to well-

being because self-interested leaders and corporate elites made up the password to the economy and rigged the rules to favor the rich at the expense of the rest with historic and pernicious barriers for African Americans, Latinx, and immigrants.

Washington has been broken, putting policy and politics in disarray. The post-World War II liberal and neo-liberal consensus is in tatters. In this political and policy landscape, advocates and candidates are moving big, progressive ideas once sidelined to the center of the public square. Baby Bonds. Basic Income. Emergency Savings. Children's Savings Accounts. Drastically reducing or eliminating student debt. These are some high-promise, transformative and disruptive big ideas in play in 2020 and the upcoming election. In this time of pandemic, universal cash transfers become more than a dream, rather they are touted as the emergency solution to one of the greatest disasters of our time. It will take more than a one-time payment however. Economic justice requires a commitment to security for all, not just in the time of emergency. If smartly designed, robust, progressive in both distributional outcomes and financing, aligned with movements for change, and inclusive—big ifs for sure—the trajectory of income and wealth accumulation can be equitably transformed with racial justice at its heart. Our challenges demand big and bold solutions putting our aspirations into practice and within reach.

The big ideas just mentioned share two essential promises in common: the benefits and promise of cash transfers and wealth accumulation. Nowhere, yet, to our knowledge, has the bold step of pairing and thus synergizing cash transfers with wealth generation been weighed. This paper designs and models a policy pairing the best and most promising features of cash transfers and generational wealth. Universal Basic Income is perhaps the best-known example of cash transfers, though it is one example in the larger cash transfer universe. Similarly, Baby Bonds and Children's Savings Accounts are the best-known examples of institutional and generational wealth accumulation structures, though again, these are cases within a larger universe.

In this policy brief, we first critically examine the existing evidence and theories pertinent to cash transfers and wealth-generating programs, highlighting bold promises, evidentiary foundation, and challenges. The next section builds upon what we know about cash transfers and wealth accumulation to design a realistic Just Futures Fund policy proposal. We model the estimated impacts for this bold policy design with racial justice and equity as our North Stars. Spoiler Alert: [the results are incredibly impressive, transformative, disruptive, popular, and doable].

Promise, Evidence of Cash Transfers and Wealth

Cash transfers stand as one of the most effective and least burdensome ways to alleviate povertyⁱ. Cash transfers allow people the freedom to use their resources on the things that they require mostⁱⁱ, rather than adhering to administrative prescriptions and one-size-fits-all programs. Studies of cash transfer programs and pilots show little or no reduction of work or increase of unemployment,^{iii,iv,v,vi,vii} disarming critics worried about negative employment inducements. To the contrary, cash transfer programs increase key educational, behavioral, health and development outcomes for both the adults who receive cash transfer payments and, importantly, to the next generation, their children.^{viii,ix,x,xi,xii,xiii}

Cash transfers also hold a key promise of shifting narratives that question the deservedness of people of color for social assistance. As transfers potentially de-link paid workers from labor market rigors, it provides space for more freedom and social identity untethered from paid work.

Studies of cash transfers have shown little to no decrease in hours worked or increase in unemployment, while, at the same time, fostering better physical and mental health outcomes, increasing feelings of emotional and financial well-being, and cultivating a better future for the children of the families who receive them.

Not surprisingly, the evidence we reviewed reaffirm the common-sense idea that as families begin to feel tangible improvement in their lives and prospects improve, their behavior and aspirations align with brighter futures. The studies we critically review demonstrate promising and positive effects produced by even small-scale tests, allowing confidence that larger scale transfers and generational wealth likely will achieve robust results.

Cash transfers are direct and regular payments made to individuals or households with the purpose of smoothing and raising incomes.^{xiv} Unlike traditional assistance programs, cash transfers aim to reduce one of the core drivers of poverty, that is, not having enough income, rather than the symptoms of that poverty, such as hunger, a lack of childcare, etc. Cash transfers can be either conditional, whereby an individual or household must meet certain characteristics in order to qualify, or unconditional, in which everyone in a geographic area receives some payment.^{xv}

While cash transfers have been growing in other parts of the world,^{xvi,xvii,xviii} targeted cash transfers in the United States have been in steep decline as a proportion of social welfare. In 1987, cash transfers represented 29% of all federal benefit spending. In 2015, cash transfers made up only 18%.^{xix,xx} The major drivers of this shift were both the

passage of welfare reform in 1996, which shifted direct cash transfers from the federal government to individuals to block grants made to the states, and the Affordable Care Act in 2010, which increased federal Medicaid expenditures.

Despite this decrease in targeted cash transfers, the United States have experimented with broad-based cash transfers, and forms of unconditional cash transfers exist in some regions. From 1968 to 1982, the United States government sponsored four Negative Income Tax (NIT) experiments and the Canadian Government sponsored one NIT experiment. Proposed by some to replace other forms of assistance, NIT “corrects” income up to a defined level. Of the variables studied, labor participation was the primary focus of the American experiments, while the Canadian pilot focused on some more broad factors of implementation^{xxi}. The American experiments found that many fears about the effects of cash transfers on reducing employment were unfounded. For instance, while there were slight reductions of workforce participation, this represented only approximately 2 weeks for married men and around 4 weeks for youth over the course of a year, though these results were generally not statistically significant^{xxii}. These studies also found that, in the rural states, there were positive impacts on the quality of nutrition. At the Gary, Indiana site, birth weights increased^{xxiii}. The Canadian experiment, the only to track health outcomes, found that those receiving the NIT payments had an 8.5 percent decrease in hospitalizations, especially for mental health, accidents and injuries^{xxiv}. This suggests that, for the benefits seen, labor force effects were relatively small.

Two unconditional cash transfer programs are currently in effect in the United States, both tied to community wealth. The Alaska Permanent Fund (APF) Dividend guarantees an annual payment to residents based on the State’s invested oil revenue, an average of \$2,000 per person in recent years, while the Eastern Band of the Cherokee gives semi-annual payments based on casino Dividends, approximately \$4,000-\$6000, to tribal members over 18 years old. In evaluations of these programs, neither had a negative effect on employment^{xxv}. In the evaluation of the APF dividend, there were slight reductions of participation in tradable fields such as manufacturing, though there was a slight shift in the share of Alaskans who worked part-time, increasing by about 2 percentage points^{xxvi}. Unsurprisingly, consumption of non-durable goods and services increased the month that APF dividends were disbursed^{xxvii}.

Perhaps most promising effects of the NIT experiments, the Alaska Permanent Fund, and the Casino Dividends are those that they have had on the children of individuals receiving these payments. School attendance, grades and test scores for children whose parents received NIT payments were higher than those in the control, with the largest effect being seen in younger and poorer children^{xxviii}. In the Canadian NIT experiment, children in the 11th grade were shown to be less likely to dropout than their peers^{xxix}. An evaluation of the Casino Dividend showed similar outcomes for children of recipients. These children had better attendance and completed more years of education. They were also more likely to graduate high school by age 19. Moreover, they were 22 percent less likely to have committed a minor crime at ages 16 and 17 and were significantly less likely to experience alcohol or cannabis dependence at adulthood. Finally, children reported both increased quantity and quality of parental time^{xxx}.

Perhaps the most wide-ranging cash transfer program that has been proposed is Universal Basic Income (UBI), which would provide regular monthly income to individuals or households to meet basic needs. While most UBI piloted are local, Finland implemented it across its nation. The Finnish UBI experiment was a randomized controlled trial that gave 560 euros (approximately \$628) each month to 2,000 people who had received unemployment benefits in the past. It found no significant effect on employment while having significant positive effects on confidence in one's future, perceived physical and mental health, and perceived financial well-being when compared to the control group^{xxxi}.

Currently, there are several pilots running in the United States. The Stockton Economic Empowerment Demonstration (SEED) in Stockton, California, the Y Combinator Experiment in two US States, and the Springboard to Opportunities Program in Jackson, Mississippi. Y Combinator is by far the largest, planning to give \$1,000 per month to 1,000 individuals^{xxxii}. Springboard to Opportunities is allocating \$1,000 per month to 15 mothers for one year and began doing so in December of 2018. At the end of 6 months, no women reported using an emergency lender. Nearly all said that they had money to buy their children's school supplies, while fewer than half reported that previously. Finally, they reported cooking more balanced meals and visiting the doctor more^{xxxiii}. The Jackson program expanded in early 2020 to 80 women and included a Children's Savings Account. SEED began in February 2019 and will run until August 2020. This program gives \$500 per month to 125 individuals, and, while evaluation data have yet to be released, participants report better health, well-being, and financial security than before participation^{xxxiv}.

A 2019 seminal National Academy of Sciences report, *Roadmap to Reducing Childhood Poverty*, established stringent criteria to reach audacious goals for reducing childhood poverty and concluded that no single program or policy option investigated met the goal of 50 percent poverty reduction. Significantly, a \$3,000 per child per year child cash allowance came closest, meeting the goal of reducing deep poverty by 50 percent^{xxxv}.

Of course, while increased income from cash transfers has been shown to have a positive impact for the children of those receiving payments, they do little to help directly with generational wealth possibilities. Kids' Futures Accounts that the federal government contribute to starting at birth and accumulate interest, is one way to help wealth accumulation and promote financial security. While policy ideas like this have not been implemented, its structure would be similar to a Child Savings Account (CSA). Some of the most promising studies have shown benefits for children's educational attainment and attitudes towards education, better relationships between children and their parents, and better mental health for mothers and children.

Studies of **Children's Assets Accounts** have shown that they increase educational attainment, foster better parent-child interactions, create benefits in physical and emotional health for both children and their parents, and may increase racial equity.

Children's Asset Accounts, including CSA's and Baby Bonds have been shown to have powerful positive effects on educational attainment.

Children with CSA's have higher school attendance and have improvement academic achievement and test scores^{xxxvi,xxxvii}. While there has been no direct research on the long-term

impact of CSA's on postsecondary achievement, studies of children with general college savings accounts show that low-income children with less than \$500 in college savings are three times more likely to attend college and four times more likely to graduate^{xxxviii}. Furthermore, among children who expect to attend college, those with savings accounts are six times more likely to go than those without accounts^{xxxix}. Child Savings Accounts also have collateral effects on education, increasing expectations for children's postsecondary education^{xl}, parental support for academic efforts^{xli}, and the importance that parents place on college education^{xlii}.

Outcomes of CSAs are not purely educational. Benefits of these investments in kids' futures radiate out into personal physical and emotional health and wellness and parenting practices. Mothers were found to have decreased symptoms of depression^{xliii} as well as an increased sense of security and optimism^{xliv}. Parents more generally were

less likely to scream at their children and might have been more likely to play with and praise children more^{xlvi}. Among youth who have CSAs, there was an increased sense of security, a budding college-bound identity, a better self-perception, and higher self-esteem^{xlvi}. Additionally, children with CSA's have better social-emotional functioning than those without CSA's^{xlvi} and negative effects of poverty have less impact on their childhood development^{xlvi}.

Finally, CSA's Show some promise for lessening racial wealth inequality. One study which modeled the effect of a national CSA with a significant initial deposit showed that the Black-White racial wealth inequality could be reduced by 23% and the Latinx-White wealth inequality could be reduced by 28%^{xliv}. Another study which modeled a progressive CSA program with matched savings in the State of Illinois predicted that Black and Latinx families would see greater relative wealth gains, which would narrow the racial wealth gap^l.

A Child Trust Fund, dubbed baby bonds, was launched in the UK in 2005 but was dissolved several years later by a more conservative government. Darrick Hamilton and William Darity Jr. first proposed Baby Bonds as a solution for race-based wealth inequality in 2010. These federally managed trust funds would include a large deposit into an account and would guarantee growth until a child reaches 18. Eligibility would be based on family net worth at enrollment^{li}. This policy was recently modeled and found that such a policy would raise the assets of all. Dynamically, wealth disparities between black and white Americans would be dramatically reduced. These potent distributional effects echo and confirm previous findings modeled by IASP. Furthermore, it would impact the relative share of wealth held by the top 10% of most wealthy individuals, reducing overall wealth inequality^{lii}.

How It Works, What Changes.

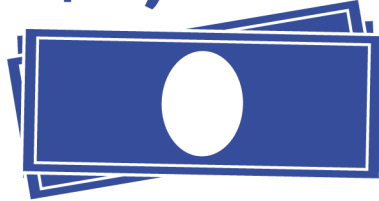
The policy proposals in this paper address income and wealth inequities and promote family economic mobility, focusing on those with the least access to both. We propose a Just Futures Fund that would consist of Basic Income and Kids' Futures Accounts.

Basic Income tests the impacts of either \$500 or \$1,000 monthly payments to each adult in the household, which reflect typical payments in existing Universal Basic Income projects, and a quarter of these payments to each child. **Kids' Futures Accounts** are based on family wealth holdings and are only provided to children in the households. This policy provides \$1,000 for each child born into the household

Just Futures Fund Policy Design

Basic Income supports families, fosters stability and freedom, and keeps households out of poverty.

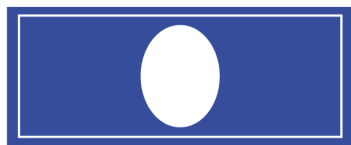
\$1,000



Per Adult
Per Month



\$250



Per Child
Per Month



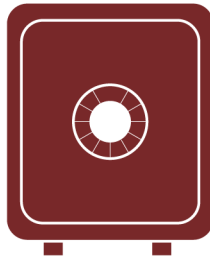
Kids' Futures Accounts support child and youth development and make for more equitable future generations.

\$1,000
at birth



Up to
\$2000
per year

Account builds
interest



Accessible
at 18

Income and Asset Waivers keep households eligible for the social programs they rely on.



and additional annual contributions based on parental non-housing wealth until the child reaches age 18. Specifically, children in households experiencing deep asset poverty (negative non-housing wealth) would receive an annual supplementary contribution of \$2000, those in asset poverty \$1500, and those at higher levels of non-housing wealth smaller amounts (please see more details in the Appendix). Both policies do not impact existing levels of benefits, such as food stamps or housing vouchers. We estimate before and after income and asset poverty, and racial wealth disparities.

Federal poverty guidelines determine **Income Poverty** for a family of four at \$24,300 annually in 2016. The conservative measure of **Asset Poverty** used in this report establishes a household as **Asset Poor** when their non-housing wealth is less than three times the income poverty threshold established for its household size. **Deep Asset Poverty** refers to households with negative non-housing wealth.

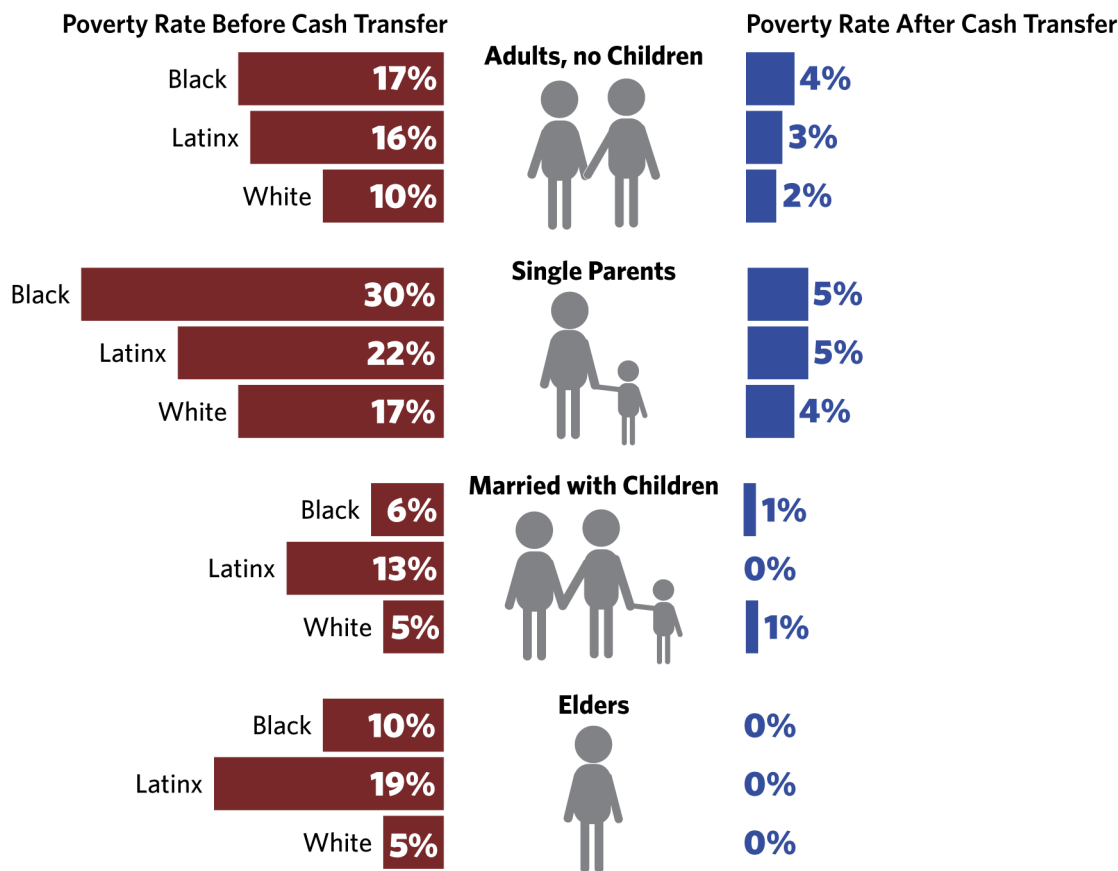
The Just Futures Fund has the power to virtually eliminate income and asset poverty for U.S. households and significantly reduce racial wealth inequality. In the U.S., 12 percent of all households are living in poverty. A monthly cash transfer of \$1,000 coupled with \$250 for each child would reduce the overall poverty rate to two percent¹. Households with children would experience the largest reduction in poverty, especially single parent households who see a reduction in poverty from 21 percent to four percent, and almost all two parent households with children would be lifted out of poverty.

With higher proportions of people of color living in poverty, a basic cash transfer program will greatly impact their daily financial struggles. Overall, poverty of African Americans would be reduced by almost three-quarters, from 19 percent to four percent, and from 16 percent to three percent among the Latinx population. For both populations, largest declines are evident for young adults (age 18-34), and for older adults (age 65 and older) among Latinx where a universal cash transfer policy of \$1,000 would entirely eliminate poverty for nearly 1 in 5 currently living in poverty (Figure 1).

Greatest impacts, furthermore, are for households of color with children. The Basic Income proposal shows the largest drop in poverty for African American households with children, falling by 21 percentage points for all, and 25 percentage points for single parent households. For Latinx two-parent household with children, poverty would be eliminated while it would be reduced to one percent for African American two-parent households.

1. We also modeled a monthly payment of \$500 for adults and \$125 for children which would cut poverty by more than half.

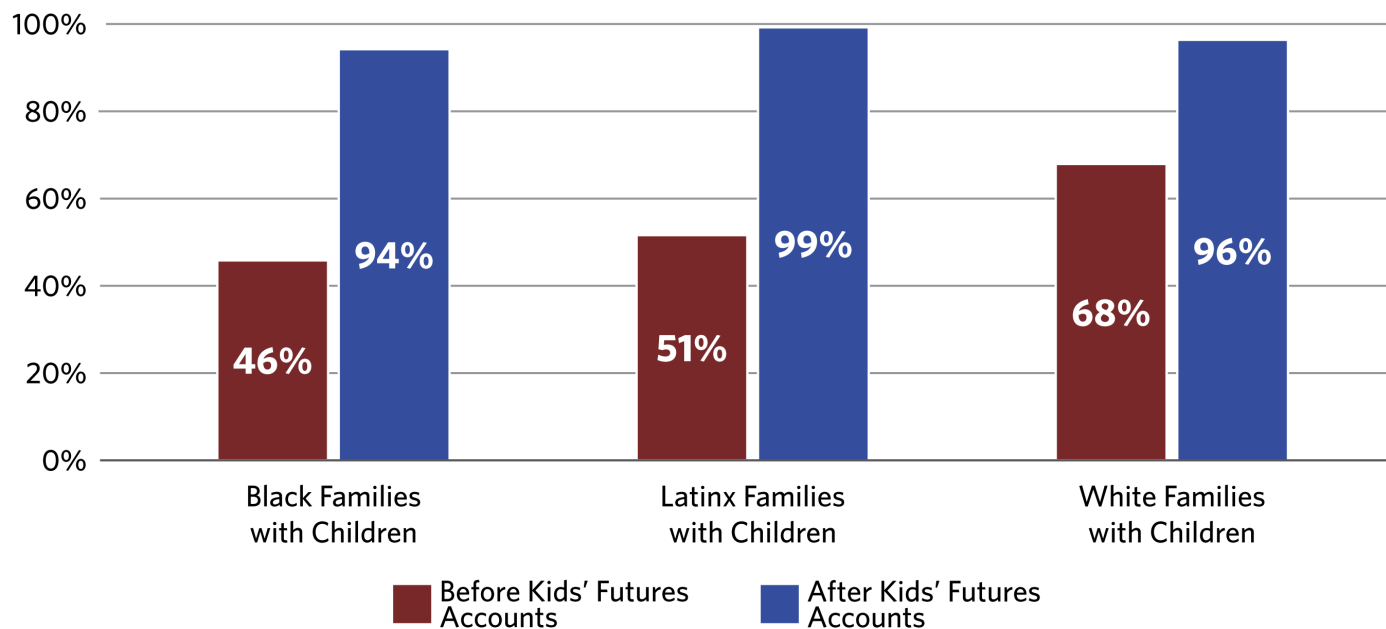
Figure 1: Basic Income Reduces Poverty, with Greatest Impact for Black and Latinx Households



Source: Authors' calculations using data from the 2014 SIPP Panel Wave 4

Wealth transfers in the form of Kids' Futures Accounts demonstrate a remarkable reduction in asset poverty and racial wealth inequalities, overall and for households with children. Eighteen percent of all households and more than 22 percent of households with children are in deep asset poverty due to current debt, and an additional 18 percent of all and 17 percent of households with children are asset poor. Establishing Kids' Futures Accounts cuts these rates by more than half to 12 percent of deep asset poverty and 24 percent of total asset poverty among all households. More striking is the reduction of asset poverty (including deep asset poverty). With current asset poverty rates about 50% for Black and Latinx families with children, these rates would be reduced to 1.5% for Latinx and to 5.8 percent for Black families (Figure 2).

Figure 2: Kids' Futures Accounts Dramatically Boost Families Above Asset Poverty*



Source: Authors' modeling using data from the 2014 SIPP Panel Wave 4

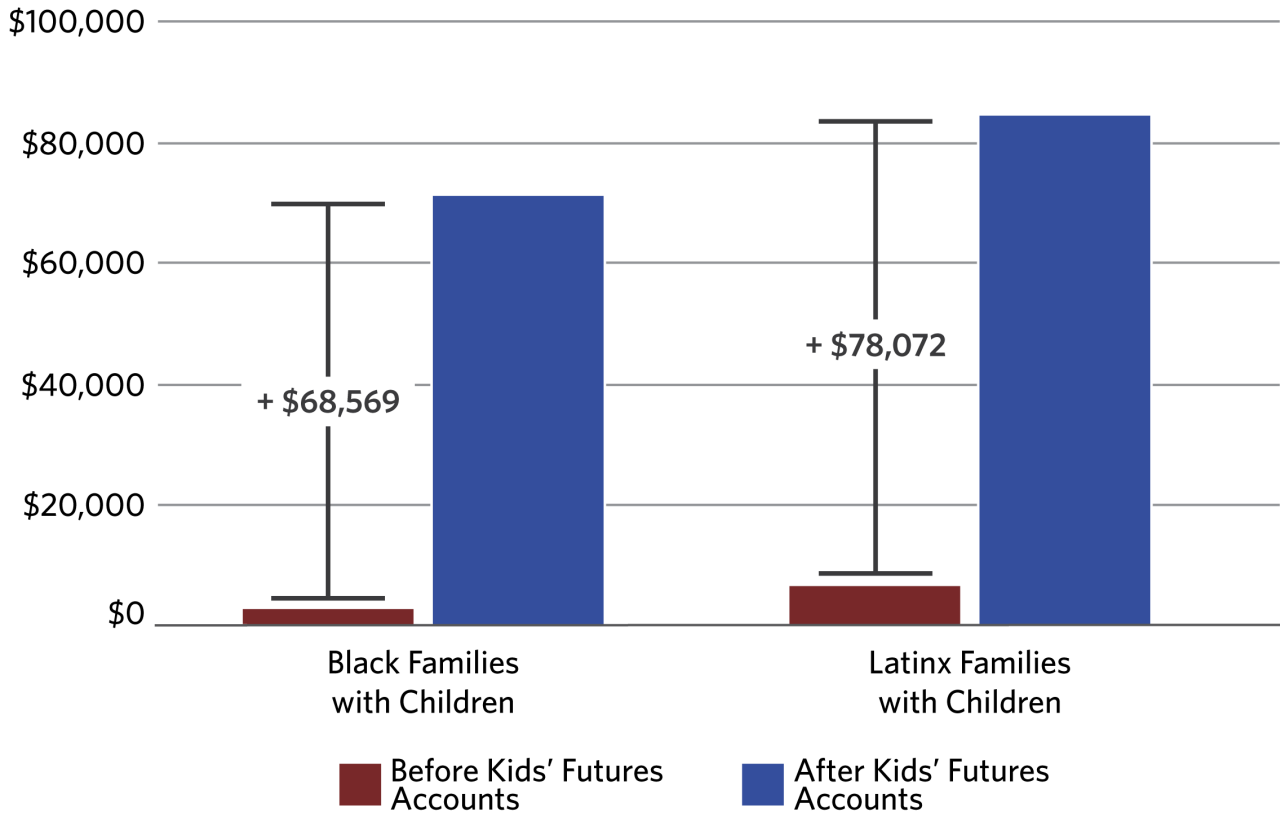
* This is a modest measure of asset poverty set at 3 times the Federal Poverty Limit for one month (\$6,075)

This form of wealth transfer almost eliminates deep asset and asset poverty for household with children vastly lifting families out of debt and asset poverty, leaving only three percent still mired in deep asset poverty and very few left in asset poverty.

Adding the estimated values of Kids' Futures Accounts to household wealth for households with children dramatically improves their non-housing wealth holdings. The median non-housing net wealth for households with African American parents is \$2,910 and \$6,652 for Latinx parents. After implementing Kids' Futures Accounts and adding the estimated amounts accrued over 18 years, with modest interest, non-housing wealth increased to \$71,479 for African American families, and \$84,724 for Latinx families (Figure 3).

Wealth disparities are reduced most dramatically for households with children, the target population for establishing Kids' Futures Accounts. For African American parents, the non-housing wealth gap closes from eight cents to 71 cents for each dollar a typical White family owns. Contrasting Latinx parents with white parents, the current wealth inequality of Latinx families with children of 17 cents would close to 84 cents for

Figure 3: Kids' Futures Accounts Significantly Increase the Wealth of Families of Color



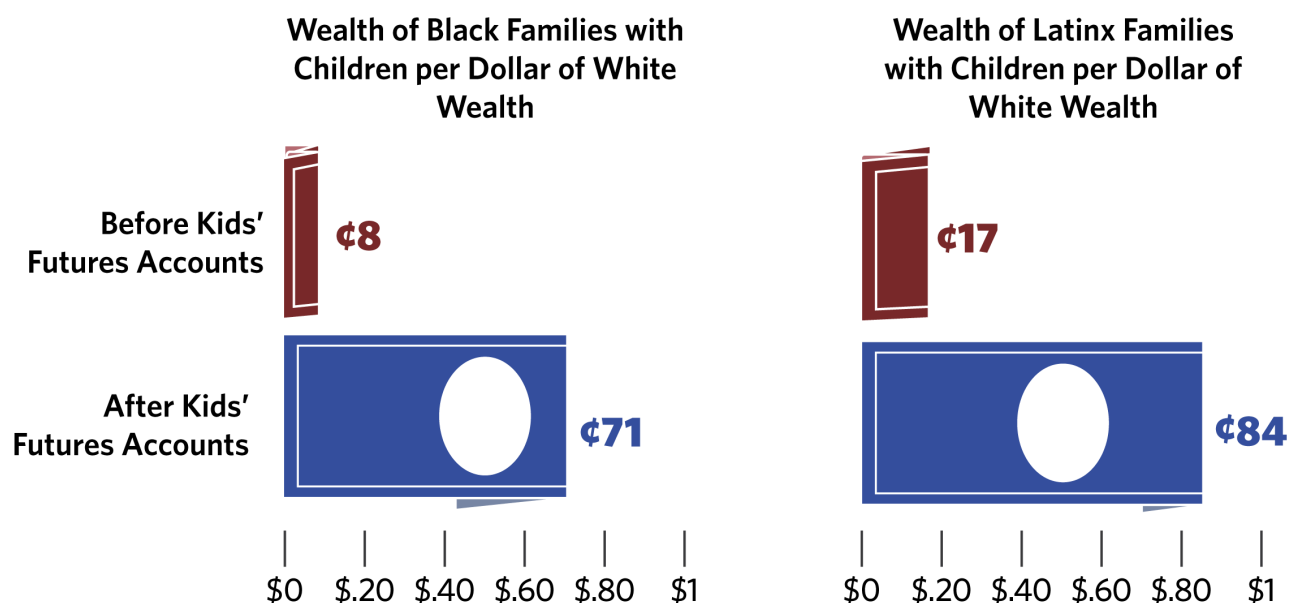
Source: Authors' calculation using data from the 2014 SIPP Panel Wave 4

each dollar a typical White family owns. This increase in wealth for households at the crucial moment of children transitioning to adulthood has implications for financial and nonfinancial family wellbeing.

Kids' Futures Accounts also greatly reduce current racial wealth inequality levels for all households because of their direct effect on families with children. Currently at seven cents for each dollar a White household owns, the overall Black-White wealth gap would close to 41 cents. For Latinx households, the gap would close from 14 cents to 68 cents (Figure 4).

Beyond the colossal financial improvement of households shown here, these paired policy building blocks are a means to furthering larger well-being for all. While not specifically studied in the analyses, we know from an abundance of research of the

Figure 4: Kids' Futures Accounts Put Racial Wealth Equity in Reach



Source: Authors' modeling using data from the 2014 SIPP Panel Wave 4

wide-ranging impacts of providing individuals and families with guaranteed incomes and Kids' Futures Accounts. These were highlighted previously in our state-of-the-art review. These include better education and employment outcomes, improved physical and mental health, better social connections, all together a big bump for overall well-being for many U.S. households.

Can We Afford to Not Do It?

Poverty, inequality, and racial injustice are caused and maintained by man-made policy and deeply entrenched structures. These are man-made inequalities. We have the ability to rewrite the rules. Investments reflect values and we spend a lot of money. We must better align our policies with our values. The question then is not can we afford it but how can we not. Many of the ways in which we currently spend money benefit those at the top at the expense of the many. The “can we afford it” question is a status quo trap; it is not about affordability but about common values and desired future and the path we are on. We already have paid for it. Through our work we have made the most prosperous country on earth and that wealth shall provide us the wellbeing we deserve. Our off-kilter portfolio of public investments needs to be re-balanced. Post-9/11 Wars in the Middle East have cost \$5.9 trillion^{liii}. Our private health care regime costs much more than any other nation^{liv}. The Pentagon eats up close to \$800 billion a year^{lv}. More

public dollars subsidize homeownership for those that already can afford homes than we invest in housing stability for vulnerable families^{lvi}. The Trump Tax Cuts for the wealthy will cost the nation \$2.5 trillion while ballooning our national debt to historic highs^{lvii}. The COVID-19 Relief Bill cost \$2 trillion, and, while it does provide important direct cash transfers to Americans, it also provides \$500 billion to shore up big businesses.

If the adage that “budgets are moral documents” is true, leaders, compliant politicians, and paid corporate lobbyists manufacture these budgets; our current budget is an indictment of immoral and upside-down priorities with rules written by and for the wealthy and powerful. The question is not about affordability but priorities and power to translate values into concrete form.

The public investment necessary to finance a bold and robust Just Futures Fund, simply, is affordable now by re-balancing budget priorities and a portfolio shift in public investments. The majority of the policy cost could be financed for by introducing a Transfer Repayment Tax, which would tax every dollar earned by adults receiving Basic Income, up until they’ve paid back most of the cash transfer in taxes. Besides raising a substantial amount of revenue, the tax would make the policy more progressive by ensuring that people with lower incomes receive higher net transfers than people with higher incomes.

More innovative, equitable, and sustainable financing mechanisms also should be explored, like a sovereign wealth fund created from fossil fuel revenues, carbon air rights; restoring public ownership of common resources; a wealth tax; a financial transaction fee; a reformed Estate Tax; a reformed Capital Gains tax; a Social Wealth Fund financed by a share of corporate equity; more progressive individual income tax; and closing corporate tax loopholes. In short, as a Just Futures Fund disrupts poverty, removes traps to basic needs and wealth accumulation and wellbeing, and puts our nation on the path to equity, justice, freedom, dignity for all, there is no shortage of ways to finance our movement towards those values². Nonetheless, we will not dodge the cost question, though fraught any such estimate is with assumptions.

The gross annual cost of the policy would be \$3.27 trillion for basic income payments (\$12,000 for 254 million adults and \$3,000 for 73 million children) plus roughly \$60 billion for the Kids’ Futures Accounts, for a total of \$3.33 trillion. The bulk of this cost

2. Pathways to equity and justice are not cheap and need huge public investments. Should a policy design like this gain popular or political traction and serious attention, IASP will eagerly look forward to applying our modeling work to estimating the public investment.

would be covered by a 25% tax on base income (from \$0 to \$43,200 for individuals and \$0 to \$86,400 for couples), which would recoup 90% of adult basic income payments from higher earners and raise \$1.98 trillion. The remaining cost would be covered by a combination of a wealth tax (up to \$435 billion), more progressive income tax (up to \$820 billion), increasing corporate taxation and closing loopholes (\$215 billion), a carbon tax (\$187 billion), and a social wealth fund financed through a corporate market capitalization tax (\$40 billion initially and growing over time). All combined, these funding sources total more than \$4 trillion dollars, easily enough to cover the program cost.

Focusing on the economic costs are one side of an equation that excludes calculating individual and societal benefits. It is difficult to forecast exact numbers given the economic benefits of putting money in people's pockets.

Reprogramming Policy for Equity

Such a cash transfer plus generational wealth policy obtains wins for racial justice and equity, eliminates barriers, removes traps, provides access. The case for public support both to put our shared values into action and big policy ideas is widespread and growing. Moving bold, disruptive, and transformational policy means taking back the password for policy and reprogramming policy with equity, wellbeing, and racial justice at the center. It's a question of the power necessary to activate social change.

Some of the big ideas under consideration are currently being tested, though too often at miniature scope with restrictive conditions. Nonetheless, these field tests feel real, tangible, and above all achievable, thus glimpsing the future we want to create.

We owe it to Americans.

Special thanks to the Economic Security Project team for its insightful contributions and support, particularly Natalie Foster, Taylor Jo Isenberg, Saadia McConnville, and Madeline Neighly.

Technical Appendix

Sample

We used data from the Survey of Income and Program Participation (SIPP), a national survey sponsored by the U.S. Census Bureau and has provided longitudinal reporting on household economic conditions since 1984. We selected data from the 2014 SIPP Panel Wave 4 dataset covering 2016 data which includes the most recent information available on income, wealth, and household demographics. As wealth information is only collected in December, we used data for those providing information in December 2016.

SIPP surveyors contact households once a month to monitor economic conditions creating multiple entries for single households. To create a household-only dataset, the designated family reference person was selected to represent the characteristics of the entire household (RFAMREF=PNUM). These translated observations from 40,290 individuals into 18,887 households. Additionally, the analyses required households have a family poverty threshold value (RFPOVT2), arriving at a final sample of 18,804 observations. Additionally, households that do not include any adult household members (n=26) remain in the sample and are assigned the child level intervention amounts.

Variables

The SIPP dataset includes racial categories for Black, White, Asian, and Other. To analyze the impacts of the interventions on Latinx households a new category, Latinx, was created for persons affirming that they identified as Spanish, Hispanic, or Latino. Individuals that did not identify as Spanish, Hispanic, or Latino remained coded as Black or White depending on their original SIPP response. The sample of Asian persons was too low for analysis. Additional demographic categories were created for adult age groups, adult-only households, households with children, single parents, and married parents (both spouses in house).

The total household income variable (THTOTINC) is a sum of all income sources. Income can come from many sources including, but not limited to, labor market earnings, social welfare programs, child support, pensions, or workers' compensation. Total household income can be reported as zero or negative, with negative total household income often linked to self-employment.

The SIPP wealth variable (THNETWORTH) is a sum of household level net wealth,

including negative wealth. To follow the convention of estimating asset poverty based on non-housing wealth, we computed a new variable for non-housing household net worth without the contribution from home equity (THEQ_HOME).

Interventions

The cash transfer and asset building models were designed at the household level and weighed based on SIPP guidelines to compensate for differential representation. The cash transfer design had no exclusionary criteria, while the asset building design focused on families with children under the age of 18.

The cash transfer design required identifying the household members as either adults or children to determine intervention amounts. SIPP provides the total number of children (RHNUMU18WT2). The total number of adults in the household was found by subtracting the total number of children from the total number of household members (RHNUMPERWT2-RHNUMU18WT2). The cash transfer intervention levels were applied to the household members depending on age and added to the household's total monthly earnings (THTOTINCT2). The total monthly household income after the intervention was then compared to the family poverty threshold (RFPOVT2) which represents the 2016 federal poverty level (FPL). This provided an understanding of how many households remained at or below 100% and 50% of the FPL before and after the intervention given all other income sources remain constant.

For the wealth building design, households with children were identified to receive child asset accounts payments. As discussed, the amount of funding provided for each child was dependent on the household net worth without equity. We generated six tiers of household net worth (without equity) ranging from households with less than zero to households above \$257,500. The primary focus to examine the intervention impact was the percentage of households elevated from asset poverty (\$0-\$6,075; tier 2). The asset poverty amount, \$6,075, was based on three times the monthly poverty line, the most conservative measure available. Household net worth tier three through six were developed to reflect factors of 10, 20, 40 of asset poverty. This wealth building design is a variant on the Hamilton-Darity proposal and Senator Booker's proposal. Key differences include the designation of asset poverty and wealth levels pegged to annual contributions after universal contributions for every newborn.

To calculate the amount each household would receive depending on the number of children present, an index variable was created to match the intervention amount, including expected interest gains, with the corresponding household net worth tier. Even though these accounts are for the children in the households, we added the

estimated generated wealth in these accounts to the overall household non-housing wealth as wealthy households tap into their own wealth to support for their young adult children's education, home purchase, and other investments in their children's lives.

Wealth Tiers and Asset Poverty Before Intervention

NW - Equity	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Tier 6
Wealth Tiers	Deep Asset Poverty	Asset Poor (AP*)	10 x AP	20 x AP	40 x AP	GT 40xAP
Wealth	<\$0	\$0-6,075	\$6,076-60,750	\$60,751-121,500	\$121,501-243,000	>\$243,000
All	21.52%	16.93%	25.14%	9.65%	8.88%	17.89%
White	21.12%	11.16%	23.27%	10.78%	10.24%	23.42%
Black	28.62%	25.76%	23.42%	8.06%	7.03%	7.10%
LatinX	21.04%	27.65%	30.82%	7.71%	5.90%	6.89%
Proposal:	\$1,000 at birth for all					
Supplemental annual amount	\$2,000	\$1,500	\$1,000	\$500	\$250	\$0
Est. wealth increase	\$46,215	\$35,081	\$23,948	\$12,815	\$7,248	\$1,681

*AP: 3X/monthly poverty line (most conservative measure of asset poverty)

Modeling

This was a two-part study to critically examine existing policy ideas relating to cash transfer and children asset account expansion in the United States. Modeling was developed to test the potential impacts of a few design options on income and wealth inequality, with a specific focus on racial inequalities. The models developed are kept simple on purpose to reflect the ideal universal distribution of the interventions and focus on the transformative potential of the proposals when coupled with existing asset sources.

The first inquiry area examined the impact of cash transfer interventions on income security at two amount levels. The first intervention level provided a \$500 monthly cash transfer to each adult and \$125 to each child in the household. The second intervention level provided \$1000 monthly cash transfer to each adult and \$250 to each child in the household. An income baseline from the dataset prior to the intervention was collected to understand changes to poverty rates and income inequality from cash transfers across the demographic groups.

The second inquiry area addressed integrating a wealth component into UBI policy proposals to facilitate upward mobility, asset poverty, and address wealth inequalities. The proposed intervention, a child asset account, include \$1000 at birth for all births

and supplemental yearly contributions based on family wealth status until the child reaches 18 years of age. The contribution amounts and interest levels were based on estimates for the American Opportunity Accounts Act (S.3766, 2018) sponsored by Senator Booker.

For these analyses, the asset building model assumes the wealth status of the household and the number of children occupants remain constant over time. To understand the potential impact of this intervention, all outcomes are calculated from the time the last child in the household turns 18 years old. For example, if a family with one child in 2016 has zero assets then the estimated wealth increase will be \$46,215. In contrast, a single child family with wealth above \$243,000 in the highest wealth tier would accumulate \$1,681 of additional estimated wealth.

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