Reweaving the Safety Net: The Best Fit for Guaranteed Income

Part of “From Idea to Reality,” JFI’s white paper series on building guaranteed income in the US, the new report examines the role that GI can play in the social safety net.

Press Release

New York, NY, December 15, 2020 — A new report from the Jain Family Institute examines optimal design for guaranteed income in the real-world national context, considering how a new cash transfer policy could best pair with or replace existing social safety net programs.

The second in a white paper series that provides an in depth analysis of building a guaranteed income in the US, “Reweaving the Safety Net: The Best Fit for Guaranteed Income” reviews the literature on cash assistance, indexes current income support and insurance programs, and offers insights on where and how best a guaranteed income could fit into this landscape. The paper also examines key open questions about optimal amount and frequency of cash transfers.

The authors of the report are JFI Director of Research Sidhya Balakrishnan, Silberman School of Social Work at Hunter College professor Michael A. Lewis, and JFI Lead Researcher on Guaranteed Income Stephen Nuñez.

Key findings include:

- GI programs provide effective income support while avoiding many of the drawbacks of existing targeted and means-tested income support programs. However, GI is not a good substitute for insurance when public insurance provision is necessary due to market failure (e.g., there are no appropriate insurance products to buy with an augmented income).
- A comparison of existing federal and state income support policies reveals that, while GI would represent an improvement on many existing policies, the varied coverage, cost, depth of assistance, and benefits calculations of existing programs make a transition to GI
not clear cut. Some existing programs may better be left in place, maintained as legacy policies, or phased out slowly to avoid harming those who rely heavily on them.

- If swapping out existing policies for a GI, multiple benefit households are a particular concern: most households don't receive more than Medicaid and/or SNAP, but those that do may receive more income support in net than a GI program would typically offer.

- Replacing insurance policies with guaranteed income would mean that, though average families in a given year might receive more benefits, “unlucky” families—those facing a medical emergency or a layoff, for example—could be significantly worse off. In general, GI is a poor replacement for public insurance provision.

Read the full report here. View the series here.

The white paper forms part of a larger JFI applied research initiative on guaranteed income in the US and abroad, including pilot, research, and policy design. The first paper in the white paper series, “Building a Helicopter: Pathways for Targeting and Distributing a Guaranteed Income,” covered targeting and disbursement architecture; future installments will cover macroeconomic effects and financing, and political economy.

Alongside this series on national implementation, JFI builds the knowledge base for guaranteed income through applied engagements including Stockton’s SEED pilot, the Newark Task Force, and the recently launched Compton Pledge, an 800-recipient initiative in Compton, California.

Stephen Nuñez, lead researcher on guaranteed income at JFI, said, “As a consequence of the pandemic, cash transfers have come under increasing attention as an efficient means to provide direct relief. The research has long shown that, for successful policy design, the devil is in the details, and we’re thrilled to present this paper that begins to go deeper on those details.”
Michael Lewis, Associate Professor at the Silberman School of Social Work, Hunter College, added, “I'm excited to be a part of discussing this important, but somewhat less explored, dimension of the UBI discussion.”

**About the Jain Family Institute:**

The Jain Family Institute (JFI) is a nonpartisan applied research organization in the social sciences that works to bring research and policy from conception in theory to implementation in society. Founded in 2015 by Robert Jain, JFI focuses on building evidence around the most pressing social problems.

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