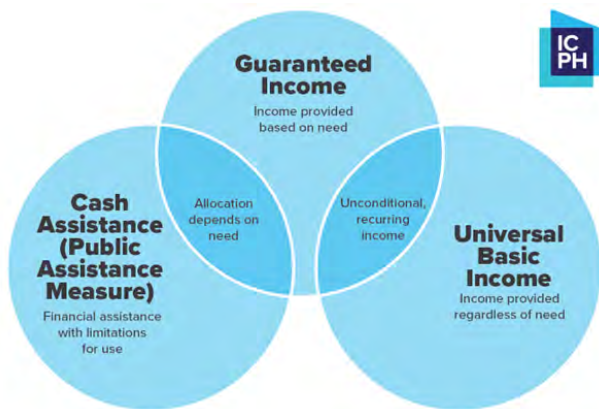


SPARC STRATEGY SPOTLIGHT #3:

Preventing Child Welfare System Involvement Through **Guaranteed Income**



“Guaranteed income is a recurring cash payment with no conditions for its use. It is given to people based on characteristics such as poverty level or a particular health status. This differs from often associated terms like universal basic income, which provides cash payments to all people regardless of need.”

– Institute for Children, Poverty & Homelessness

SOURCE: ICPHusa.org (reprinted with permission)

WHY IS THIS IMPORTANT?

Childhood poverty has been linked to negative experiences and outcomes well into adulthood. Research reviewed and collected by the National Academies of Sciences, Engineering, and Medicine shows that living below the poverty line in childhood is correlated with completing less schooling, working fewer hours, earning less, being more dependent on public assistance, and having worse health in adulthood.

Providing funds to families, however, through approaches like guaranteed income, child tax credits, or child allowances, can make a difference for children, and can benefit society:

- Research on guaranteed income programs for families in Southeastern states showed that these funds helped families in different ways, including some getting better or safer housing, being able to afford more (or healthier) food for their children, and/or meet needs including health care, hygiene products, and clothing.
- A study based on the Alaska Permanent Fund Dividend¹ found that a \$1000 payment to families in the first few months of a child’s life reduced reports of child neglect and physical abuse by 10% and 30% respectively, and reduced the likelihood of child death by 30%.
- Researchers from the National Bureau of Economic Research estimated that if the US gave low-income families a \$1,000 “child allowance,” society’s return on investment would be \$5,603.²

STEPS FOR SUCCESS: GUARANTEED INCOME PROGRAMS

- ✓ **Consider your goals for a guaranteed income program and choose beneficiaries accordingly.** For example, for reducing child welfare system involvement, low-income parents could be the main beneficiaries.
- ✓ **Start with one or more pilot program(s)** if a statewide initiative isn't possible at this time.
- ✓ **Ensure that the program is as low-barrier to access as possible** (e.g., advertise it widely and have the application process be simple); avoid putting limitations on how money can be spent, as allowing beneficiaries to prioritize their own needs is a hallmark of this approach.
- ✓ **Pay attention to funding levels.** Payments that are too small may not be sufficient to make a difference in families' lives if they are still living in poverty.



Research tells us that low-income households with children spend the vast majority of their money on basic

needs. Specifically, the top spending categories for families below 200% of the federal poverty level were:

- Food
- Transportation
- Rent
- Utilities
- Cell service
- Healthcare

Studies of guaranteed income programs similarly show that funds are generally spent on retail goods (e.g., food or school supplies at Walmart or Target), and on other basic needs such as housing, transportation, or utilities.

Guaranteed income is an important child well-being strategy due to its impact on parents. A study of alumni of the Magnolia Mother's Trust (the longest-running U.S. guaranteed income program, serving low-income Black mothers) found a majority reported "more confidence in their parenting... more positive interactions with their children...[and feeling] more confident about their ability to accomplish goals."

¹ The Alaska Permanent Fund Dividend provides all Alaska residents with annual payments regardless of their income or wealth.

² Based on "monetary benefits and costs for one-child, single-parent low-income families per \$1,000 increase in household income from a child allowance."