

FIGHTING POVERTY WITH CASH

Several decades since the last big income experiment was conducted in the US, School of Social Policy & Practice assistant professor Amy Castro Baker has helped deliver promising data out of Stockton, California, about the effects of giving people no-strings-attached money every month. Now boosted by a new research center at Penn that she'll colead, more cities are jumping on board to see if guaranteed income can lift their residents out of poverty. Will it work? And will policymakers listen?

By Dave Zeitlin

Amy Castro Baker SW'04 remembers one piece of hate mail more than any of the others. It contained letters that were cut from the pages of a magazine and glued onto a piece of paper—like a ransom note from the movies. “Misogyny, white nationalism, white supremacist rhetoric” is how she describes it. “A hodgepodge of internet rumors.”

An assistant professor at Penn's School of Social Policy & Practice (SP2), Castro Baker is an unlikely target for such vitriol. She still has a hard time understanding why anyone—even a troll from the darkest corners of the internet—would send menacing letters to her office or, even more harrowingly, to her suburban Philadelphia home.

“On the one hand, it's scary. When people are going out of their way to figure out where you are, that's frightening,” admits Castro Baker, sitting in a plaza outside the SP2 building on a late February afternoon, the last vestiges of winter failing to fend off flocks of masked students eager to enjoy all the outdoor spaces that campus has to offer. It's doubtful any of them are as excited as Castro Baker, who in one week's time will see research that she spent years working on made public for the first time—the same research that led to the hate mail, which, in many ways, only intensified what's become her career mission. “On the other hand,” she continues, “if you're not being criticized in some ways then I feel like maybe you're not asking the right question.”



The question that Castro Baker set out to answer was this: What would happen to a person in or near poverty who received no-strings-attached guaranteed payments every month? And the answer, at least from one pilot program, was even more promising than she imagined when she and her research partner Stacia West, a professor at the University of Tennessee, Knoxville, were selected to coordinate and evaluate the Stockton Economic Empowerment Demonstration (SEED), the nation's first mayor-led guaranteed income demonstration.

Launched in February 2019 by Michael Tubbs, then the mayor of Stockton, California—and supported by funding from the Economic Security Project, the Robert Wood Johnson Foundation, and private donors—SEED gave 125 Stockton residents, selected randomly from neighborhoods at or below the city's median household income, \$500 per month for 24 straight months (unconditionally and with no work requirements). Preliminary findings were released this past March from the first year of the experiment (pre-COVID, from February 2019 to February 2020). They showed, among other things, that recipients of the cash experienced reduced income volatility, showed improved mental health, and, perhaps more surprisingly, were likelier to find full-time employment. (Post-COVID data will be released next year.)

"That is the biggest pushback we get: that if you give people money, no strings attached, they're going to stop working," Castro Baker says. "We never thought that would happen because that's absurd. Who can live on \$500 a month anywhere, let alone California? But what we did see was that the \$500 created a new kind of cognitive capacity where people could take risks in the economy that they couldn't take before, because they had a cushion and their wellbeing was in a healthier space."

While people have indeed argued over the years that government money is a disincentive to work, others have insisted

that living in poverty is more of an impediment than it is a motivator—an idea that the SEED data would seem to support. Per the findings, the \$500 monthly payments "removed material barriers to full-time employment and created capacity for goal setting and risk taking, once basic needs like food and utilities were covered." In February 2019, 28 percent of the SEED recipients had full-time employment; one year later, that number jumped up to 40 percent. In contrast, the control group (Stockton residents who participated in the study but did not receive monthly payments) saw only a five percentage point increase in full-time employment over the same one-year period.

West likens it to a college graduate having enough economic security to afford to take an internship, which would put them in a better position to land their next job. "We always think about people as an 'other,' especially someone who receives a guaranteed income payment or maybe someone who's very low income," West says. "We look at them as somehow being undeserving and someone who will squander the money and quit working. But I think if we regard people in the same way we regard our families and ourselves, then you really change the narrative."

"I was definitely excited that the critics could not find the narrative they wanted to find in the data," adds Erin Coltrera SPP'14, who teaches at Penn with Castro Baker and served as SEED's research and program officer on the ground in Stockton. For her an equally compelling data point involved the health and wellbeing responses from the participants, who filled out surveys throughout the program and reported greater decreases in anxiety and depression than the control group. "You're not talking about taking a pill," Coltrera says. "You're not talking about some sort of medical intervention. You're literally just talking about reducing the anxiety and stress of people's lives so that they can feel better."

The data also ran counter to a longstanding assumption among critics that

people will spend any government money that's not integrated into a specific social welfare program on drugs or other vices. In Stockton, people spent their SEED cash on basic needs, including food (nearly 37 percent), home goods and clothes (22 percent), utilities (11 percent) and auto costs (10 percent). Less than one percent was spent on alcohol or tobacco. "The thing about guaranteed income is that it pushes back at a lot of things that make people very uncomfortable," Coltrera says. "It requires trusting people. And especially in this country, there's not a lot of trust of folks who experience poverty."

And that's where Castro Baker believes the hate comes from. "I'm white but the pushback I hear a lot—both from trolls and commentary—is really rooted in anti-Blackness," the Penn professor says. "We spent many years in the US attaching shame and blame to the safety net." But buoyed by the promising Stockton data, and now spearheading a new center at Penn that will analyze similar pilot programs in other US cities, she plans to continue to drive the conversation forward. "What's been most surprising about the pushback is that when it comes, it's very ugly," she says. "But the support far outweighs the pushback."

"I'm *now convinced that the simplest approach will prove to be the most effective—the solution to poverty is to abolish it directly by a now widely discussed measure: the guaranteed income.*"

This quote graces the website of a new group called Mayors for a Guaranteed Income (MGI), founded last June by Tubbs and the Economic Security Project (which is led by Facebook cofounder Chris Hughes) to create a coalition of American mayors to advocate for direct, recurring payments. But the words are not new. They were written more than 50 years ago, by Martin Luther King Jr.

"This is not a new idea," Castro Baker says. "It's been around since the birth of

Amy Castro Baker, standing here outside of College Hall, believes Penn is a good home for the recently launched Center for Guaranteed Income Research.

democracy and was the subject of Dr. King's last book. But the question I often get is: *why now?*"

The US has tested basic incomes before with studies in the 1960s and 1970s, including the Seattle–Denver Income Maintenance Experiment, and with the creation of the Alaska Permanent Fund in 1982. But the idea has been picking up steam recently, with Twitter CEO Jack Dorsey among the Silicon Valley executives advocating for it with a \$15 million donation to MGI, and Chris Hughes arguing in the *New York Times* early in the pandemic last May that “a guaranteed income should be permanent American policy, not just an emergency measure to help with this crisis.”

Currently about 40 mayors, from American cities both big and small, have joined MGI, which together with the School of Social Policy & Practice in October established the Center for Guaranteed Income Research. Castro Baker and West will colead the Penn center, which has the stated goal to “consolidate the key learnings from the pilots taking place in MGI member cities, to address knowledge gaps in the contemporary understanding of guaranteed income’s impact for Americans, and to allow the organization to layer data with anecdotal evidence in federal advocacy.”

One big factor for the momentum swing was Andrew Yang’s calls for every American adult to receive \$1,000 monthly payments from the federal government during his 2020 presidential campaign, bringing the idea of universal basic income (UBI) from the fringes of the internet into dinner table conversations. (Castro Baker makes sure to draw a distinction between UBI and guaranteed income, with the former going to everybody and the latter generally targeted “to reach households at or below a particular income threshold” or certain populations.) More recently, President Joe Biden’s \$1.9 trillion American Rescue Plan showed how much further policymakers are willing



to go to fight poverty through stimulus payments and child tax credit expansions. “But really, this is something that activists and researchers have been working on for decades,” Castro Baker says, pointing to the Great Recession between 2007 and 2009 as “this tipping point where people are now working more and making less. And if you’re under 35, you’re part of the first generation to do economically worse than your par-

ents. We keep trying to fix a new economy with old tools. And it’s not working. And then the pandemic, of course, has cracked this wide open.”

Castro Baker first encountered the idea of guaranteed income at graduate school at Penn, but she wasn’t always a staunch believer in it. Her tune only changed when she began to do research with West six years ago. “We kept writing about mortgage foreclosure, the gender

wealth gap, the racial wealth gap, and she kept saying, ‘Amy, we have to talk about guaranteed income,’” Castro Baker recalls. “I said, ‘No, we’re not talking about that. No one’s going to publish our papers.’ We had arguments about it constantly as we were writing. And I finally gave in. She was right ... It was probably a failure of imagination in terms of what I thought people would tolerate. I just didn’t think people were ready for it—and I was totally wrong.”

Before Castro Baker was convinced of the merits of guaranteed income by West, West was convinced by none other than Dolly Parton. While driving home one day, West, a Tennessee native, heard an NPR interview with the country music icon, who discussed her plan to give unconditional monthly cash payments to families who lost their homes in the 2016 Great Smoky Mountain wildfires. “And I was like, ‘Oh my god, Dolly Parton is doing guaranteed income—literally for the first time since 1982 in the US, and never in the context of an environmental disaster.’” West called Parton’s foundation and offered to analyze the effects of the payments. She found that people were able to save their money or put it toward rebuilding their homes as intended.

“It all comes down to income inequality driving so many of our social problems,” West says. “A person with an addiction that has money can go to treatment. A person with an addiction that has none is going to have so much worse outcomes. Looking at all of these social problems, I’m like, ‘Well shit, if people just had money, that would probably fix it, right?’”

Studying the real-world implications of guaranteed income wasn’t such a no-brainer for West’s academic mentors, who told her she’d never get tenure that way. Castro Baker had similar conversations when she and West were weighing whether to work with SEED. “I was told explicitly by many senior people in my field, ‘Do not touch this project. You do not have tenure. You are risking your career. This is crazy.’”

They decided to send in a letter of intent anyway, not really expecting to be selected as the research team. “We’re not economists; we’re social scientists,” Castro Baker says. “We’re early career. We’re junior scholars. But we kept looking at it and said, ‘Why not throw your hat in the ring?’”

After several meetings in 2018, they were selected to run the first modern basic-income experiment in the US since the 1970s, filling Castro Baker with “equal parts terror and excitement.”

Soon the question shifted from *why not?* to *now what?*

Just as the timing seemed right for this kind of income experiment, so did the place. Once known as the foreclosure capital of the country, Stockton was walloped by the subprime mortgage financial crisis more than a decade ago and has yet to recover. About one in four residents now lives in poverty. Castro Baker also calls the north-central Californian city a potential bellwether for the country due to its diversity and population of roughly 300,000.

Harder to figure out than the *why* and the *where* was *how* to conduct the experiment—and present the findings in the most compelling way. Plus, Castro Baker was suddenly confronted with the “huge ethical implications” about which residents to pick to receive the payments and to be in the control group. “It’s really a question of whose economic future are you going to change,” she says. “Suddenly decisions ordinarily made by researchers in the privacy of their office or in conjunction with colleagues was a political process and a public process.” Soliciting feedback from the Stockton community, Castro Baker and West revised their plan to ensure that anyone over 18 had an equal chance of being chosen after applying but that the selections would come from residents who live in a neighborhood with a median income at or below \$46,033, because of a “tremendous desire to make sure the

money wouldn’t get taken back by the government in taxes.”

Interaction with Stockton residents continued to be vital for their “mixed-method” randomized controlled trial, which combined quantitative and qualitative data, the latter of which relied on people filling out surveys (a long-form one every six months in addition to monthly surveys via text message) as well as “in-depth interviewing in people’s homes and communities, and what we would call short-form ethnography,” Castro Baker says. “The best science, when it comes to social science, is the science that’s rooted in context and community. And you can’t do that from your office. It was just as valuable for us to collect the stats as it was to spend hours and hours sitting with people and hearing their experiences of how they made sense of guaranteed income.”

While West led the quantitative side of the study, she was pleased to let Castro Baker focus on the qualitative components, calling her partner “one of the most brilliant qualitative scientists in the US right now” because of how she can pull narrative threads through hard data. Coltrera agrees with that assessment, saying, “I think Amy really is one of the only people in the country that can do *this work this way.*” That’s one of the main reasons why Coltrera, who has been a teaching assistant for Castro Baker and a Penn adjunct professor, uprooted her life in Philadelphia to relocate to Stockton to work as SEED’s research and program officer. But it took plenty of not-so-gentle persuasion. “Oh my god, I told her she was absolutely nuts!” Coltrera recalls as her first response to the job offer. But “the more Amy pitched what SEED could possibly do, the more I kept thinking this is the kind of work I want to be doing because it gets at the root of so many of the social problems we face in social work every day.”

Coltrera—who’s since transitioned into a similar role at the Center for Guaranteed Income Research—was also swayed

by Castro Baker's emphasis on "what a social worker would bring to the table." Coltrera quickly learned why, conducting home visits to manage 300 relationships and deal with logistical challenges such as dropping off gift cards to compensate people for filling out surveys (since the SEED payments were no-strings attached, this part of the experiment was not mandatory); helping to troubleshoot the devices that participants used for those surveys and debit cards through which SEED funds were distributed; and generally just "making sure they feel heard, they feel connected, and they know that we're still here." Sometimes, Coltrera adds, the participants simply wanted to talk. And they still do, texting Coltrera just to touch base even though she's now back in Philadelphia full time. (Before COVID, she was in Stockton about 80 percent of the time; from about May 2020 through this past February, she split her time between Stockton and Philly more evenly due to the pandemic.) "Our hope is they feel this is reciprocal—that we're not just mining them for their lives and information," says Coltrera, citing "horror stories about research on populations where they don't get to feel like they're part of their own narrative."

"One of the neatest parts for me was actually working with the control group," she adds. "These are folks not getting the money and are doing it because they know there's fundamentally something important happening here and they want to be a part of it."

For Castro Baker, seeking out such a high level of community engagement wasn't just the right thing to do but an important way to "move the needle around poverty and justice" because "scientists tell terrible stories." Giving Americans the opportunity to hear directly from Stockton residents, some of whom shared their experiences with the press, "really jolted the narrative and ground the data into real stories," she says. "It's been really powerful to have those two

things next to each other." National media brimmed with such stories this spring. One Stocktonian told the *Atlantic* that the SEED cash allowed her to pay off some credit card debt, buy groceries without going to a food bank, and secure a new apartment after a fire. Another told *USA Today* that she used the money to pay bills, buy her kids gifts, and fix her car so she could keep working.

Two particular stories from SEED participants stood out the most to Castro Baker. One was told to her by a dad, struggling to pay his bills, who was suddenly able to buy his daughter a prom dress and shoes. "What that meant in terms of dignity, that he was able to show up for this child in a way he couldn't before, you can't even measure that," she says. "And for the teenager being able to participate in a normal rite of adolescence, those types of dignity things that took place within the experiment are incredibly powerful."

The other involved someone who was able to get dental work done, allowing them to smile more and move their hand away from their face during conversations. "That's about what it means to be human," she says. "And the idea that something so small, like \$500, can shift that for someone is pretty remarkable."

Much of Castro Baker's work can be framed through the lens of her childhood—"a phenomenal childhood," she says. "But the struggle to make ends meet, that is my story." She grew up in Scranton, Pennsylvania, where her dad was a toolmaker and her mom had a range of different jobs, from cleaning houses to working retail. They were both smart, Castro Baker says, but had trouble getting ahead in the blue-collar city marked by industrial decline. "I really saw firsthand what it was like watching my parents work and work and work, and it was never enough," she says.

The oldest of four, Castro Baker shared a room with all three of her siblings for parts of her life. At times, other families

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moved into their home because they didn't have a place to stay. She became the first in her family to go to college, matriculating at Cairn University, a small Christian school in Langhorne, Pennsylvania. From there, she went on to earn a master's in social work from Penn, where she spent much of her time working with the Children's Hospital of Philadelphia's Homeless Health Initiative, which provides free health services to families living in local emergency housing shelters.

Castro Baker continued to practice social work after graduating from Penn, primarily in West Philadelphia, and "realized you can spend a whole career telling everybody how big and bad every social problem is, but at a certain point you kind of have a responsibility to do something about it." After getting a PhD from CUNY Graduate Center at Hunter College (where she studied the impact of mortgage foreclosure on women while raising two now-teenage kids), she briefly worked as an assistant professor of social work at the University of Wyoming before Penn drew her back in 2015 with a full-time faculty job offer and the opportunity to study social inequities and predatory lending markets, especially as it pertains to women and minorities. "If you want to sort of push the boundaries and ask big questions and maybe do things in a non-traditional way in terms of research, Penn rewards that type of innovation," she says. "So it's a good home for me."

She also thinks Penn is a good home for the Center for Guaranteed Income Research, pointing to SP2's commitment to social justice and Provost Wendell Pritchett Gr'97 in particular as a champion of this kind of work. "What's been really exciting," she says, "is how nimble Penn has been in responding to the scale of the project" as the number of MGI pilot programs that the center is running continues to grow. Those include Pittsburgh; New Orleans; Saint Paul, Minnesota; Richmond, Virginia; Oakland, California; Newark, New Jersey; Patterson, New Jersey; and Gary, Indiana. (Other mayors who are part of MGI include those from four of the country's seven most populous cities—Los Angeles's Eric Garcetti, Houston's Sylvester Turner, Philadelphia's Jim Kenney, and San Antonio's Ron Nirenberg ASC'01.)

"We're the first ones to finish one of these experiments, so people keep calling us, saying *help us*," Castro Baker says. "Not many researchers right now in the country are working on this. So the idea behind the center is to create a cohesive body of science around cash, such that as policy proposals are coming into multiple tiers of government, we'll have a body of science to back it up."

The center will both expand on the Stockton study and draw lessons from it. One of the main lessons? "Oh my gosh, it's really hard to give people cash—*really hard*," says West, who recently moved from Tennessee to Philadelphia in January to colead the center (and because she and Castro Baker are now partners in life as well as in research). "You can't just write checks to people. We're contacted by incredibly well-meaning nonprofits from across the country who want to do guaranteed income right away. But there's so much work that goes into building trust in the community, into choosing the right disbursement mechanism based on the population, into dealing with people losing SNAP or TANF benefits. It's really not as simple as it looks."

As for adaptations, the center's leaders would like to see more data about whether guaranteed income works the same in

different parts of the country (West is particularly interested in the rural South) and for different subpopulations (Castro Baker is curious about women and caregivers). "What we don't want is a bunch of replication where every city is targeting the same population and asking the same questions," says West, adding that she hopes over the next three years, the center will be able to provide a "sample of around 2,000 people spread across the US, instead of just one sample of 125 in California." Castro Baker adds, "One of my fears as a scientist is the political momentum is moving faster than the data. So my job and my team's job is to make sure the science catches up to the political momentum, so we don't have big, expensive policy mistakes. There's a ton we don't know about guaranteed income."

One question that continues to loom large is how governments would pay for this. And while they each have their own ideas—"We know that budgets are moral documents and you can tax corporations and incredibly wealthy people at the rates they should be taxed," West says—they're not ready to answer big policy-related questions about how UBI or guaranteed income might affect the broader economy at the federal, state, and local levels. "I'm an applied social scientist, so I don't look at labor market or macroeconomic effects," Castro Baker notes.

Her SP2 colleague, Ioana Marinescu, has studied the latter and concluded in a Wharton Public Policy Initiative paper published in 2019 that "giving people cash with no strings attached has only a small negative effect on work, and can improve educational and health outcomes, especially among the most disadvantaged. Paying for such a program, however, is not a trivial matter. As political appetite for UBI is growing, a new UBI program is more likely to be implemented at the state level than at the federal level." (The Penn Wharton Budget Model analyzed UBI in 2018. Using its own set of econometric assumptions, it estimated three ways to finance a pro-

gram at the federal level: with deficits, a payroll tax, and with transfers funded by external sources. "Under all three scenarios, a Universal Basic Income program dampens hours worked, capital services, GDP, and Social Security revenues.")

As a self-described "pragmatist," Castro Baker tends to focus on the art of the possible, and has felt encouraged that US mayors are looking to take matters into their own hands to fight for the roughly 10.5 percent of Americans in poverty—and the many more who are "hovering just over that line where they cannot get ahead and don't qualify for the safety net either."

She's similarly optimistic that basic income has for many years garnered bipartisan support, from Andrew Yang to Richard Nixon. "On the left, people see guaranteed income as a solution to structural injustice," she says. "On the right, it's more about a push for efficiency and the idea of more libertarian strains of thought saying the government shouldn't tell you what to do when you have needs; you're an expert on your own life."

In addition, students in her SP2 policy analysis courses have developed more "intolerance and impatience around justice" each year, Castro Baker says. And now the pandemic has "exposed the fractures in our economy that have been there for decades. People have not recovered from the Great Recession, and the pandemic has just amplified it."

Yet through all the suffering that COVID-19 has caused, and the looming economic threats that lie ahead, Castro Baker believes change may finally be on the horizon. "On the one hand, we're watching poverty skyrocket because of the pandemic. And the ways in which we're exacerbating the gender and racial wealth gap in the time of the pandemic is terrifying to me," she says. "But at the same time, it's forcing a conversation about how we want the economy to work and what we want the safety net to look like that's been a really long time coming. "So I have a lot of hope."