



BUILDING FINANCIAL SECURITY

Newark's Roadmap Toward
a Guaranteed Income

TABLE OF CONTENTS

Acknowledgements **3**

List of Task Force Members **4**

Mayor Baraka's Welcome **5**

Introduction **9**

Potholes, Red Tape, and Closed Doors:
The Problems with Existing Financial Security Policy **11**

Recommendations **16**

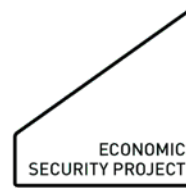
Conclusion **22**

Appendix **23**

ACKNOWLEDGEMENTS



Jain
Family
Institute



This report is the result of a collaboration between the City of Newark, the Economic Security Project (ESP), and the Jain Family Institute (JFI), an applied social science research institute that specializes in guaranteed income research and policy design. We wish to thank Rachel Black, JFI Research Fellow and Associate Director, Financial Security Program at the Aspen Institute, for authoring this report. At JFI, thank you to Stephen Nuñez for his considerable insights and oversight, and to Halah Ahmad, Molly Dektar, Alexander Jacobs, and Madhubala Pothula for their edits, feedback, and research support. At ESP, thank you to Madeline Neighly, Michael Conti, and Taylor Jo Isenberg, for their ongoing support of this project and production of the report. Thank you also to Ameya Pawar for input, drawing from The Chicago Resilient Families Task Force.

This report rests upon the expertise, leadership, and engagement of the members of Newark's Guaranteed Income Task Force, especially the members of the Task Force Working group, Kim Boller, Wole Coaxum, Jayne

Johnson, Catherine Wilson, Frederick Wherry, Aisha Glover, and Leslie Kantor, as well as the staff of Ironbound Community Corporation, La Casa de Don Pedro, Urban League of Essex County, Unified Vailsburg Services Organization, and Greater Newark Local Initiatives Support Corporation (LISC) for facilitating interviews and focus groups with Newark community members. To these community members, thank you for your willingness to share your experiences, challenges, and aspirations. We hope we have faithfully represented the pieces of your lives that you trusted us with. Finally, this report would not have been possible without the steadfast leadership and stewardship of Kevin Callaghan. Thank you all.

For more on the Jain Family Institute, visit JFIresearch.org.

For more on Economic Security Project, visit economicsecurityproject.org.

NEWARK GUARANTEED INCOME TASK FORCE MEMBERSHIP

Mayor Ras J. Baraka, Task Force Chair

ORGANIZATION

MEMBER

POLICY | RESEARCH

Advocates for Children of NJ	Peter Chen
Rutgers University Newark	David Troutt
Housing and Community Development Network of NJ	Staci Berger
NJ Policy Perspective	Sheila Reynertson
NJ Institute for Social Justice	Jayne Johnson

COMMUNITY BASED ORGANIZATIONS

Ironbound Community Corporation	Joe DellaFave
La Casa de Don Pedro	Ray Ocasio
Greater Newark LISC	Judith Thompson-Morris
New Community Corporation	Richard Cammarieri
United Way of Greater Newark	Catherine Wilson
Urban League of Essex County	Vivian Cox Fraser
Unified Vailsburg Service Organization	SanDonna Jones

GOVERNMENT | CITY PARTNERS

City of Newark/Council of NJ Grantmakers	Kevin Callaghan
City of Newark	Shoshanna Page
NJ Economic Development Authority	Tai Cooper, Richard Kasmin
Invest Newark	Bernel Hall
Newark Alliance	Aisha Glover
Newark Housing Authority	Victor Cirilo

FINANCIAL CAPACITY BUILDING ORGANIZATIONS

NJ Citizen Action	Phyllis Salowe-Kay
Mobility Capital Finance (Mocafi)	Wole Coaxum
Rising Tide Capital	Alex Forrester

FOUNDATIONS AND CORPORATE PARTNERS

Burke Foundation	Atiya Weiss
Nicholson Foundation	Kim Boller
MCJ Amelior Foundation	Suzanne Spero
Prudential Foundation	Daryl Shore
RWJ Barnabas Health	Diana Candejeo
University Hospital	Thaddeus Diggs
Victoria Foundation	Irene Cooper Basch

ACADEMIC MEMBERS

Rutgers University, Department of Urban-Global Public Health, School of Public Health	Leslie Kantor
Princeton University, Debt and Dignity Network	Frederick Wherry

TECHNICAL ASSISTANCE PARTNERS

Economic Security Project	Madeline Neighly, Taylor Jo Isenberg
Jain Family Institute	Rachel Black, Stephen Nuñez

LETTER FROM MAYOR BARAKA

Last March in my State of the City, I announced that I was creating Newark’s Guaranteed Income Task Force to explore how a guaranteed income – regular, unrestricted infusions of cash – might provide an effective solution to meeting our residents’ financial security needs.

The findings of this year-long investigation confirm what the COVID-19 pandemic has brought to national attention: Americans need more cash in their hands. The actions to provide cash in this moment have been swift and drawn support from across the political and ideological spectrum. The CARES Act has already distributed \$1,200 stimulus checks to millions of households, attesting to the Federal government’s ability to provide cash when there is sufficient political will. States, philanthropic organizations, and nonprofits have established funds to provide cash to people left out of the federal response, such as undocumented members of our communities.

These actions are at once heartening, urgent and insufficient. There has long been an epidemic of families living paycheck to paycheck – one unexpected bill or drop in wages away from their own crisis. The need for cash will be ongoing – and so, too, must be our response.

Even as our city undergoes an unprecedented renaissance with a growing entrepreneurial community, a thriving arts and entertainment scene,



and world-class transportation infrastructure, our residents are walking a financial tightrope. In a city where 78 percent of households are renters, median rents are up 20 percent while median income is down 10 percent since 2000. Newark’s median income is less than \$40,000 a year, while United Way estimates that a family must make \$63,000 a year to meet basic needs.

Of course, this financial insecurity isn’t unique to Newark. According to the Federal Reserve Board, nearly 40 percent of Americans would not have enough cash on hand to cover a \$400 emergency expense.

The idea of a guaranteed income is not unique to Newark either. While the current attention to distributing cash is a response to a moment when everyone is at risk of a failing economy, the idea of a guaranteed income derives from a long history of thought leadership and activism by people for whom the economy has never worked.

For example, in 1967, the National Welfare Rights Organization – a coalition of thousands of welfare recipients led by Black women across the country with an active presence in Newark – demanded “decent income as a right,” and emphasized the disproportionate burden of unpaid care work on low-income women. Likewise, Martin Luther King Jr. and the Black Panthers both advocated for a guaranteed income as a material precondition for social citizenship. This is all the more relevant today as millions of parents are adding full-time care for children now out of school, friends and family are stepping up to care for the sick among us, and residents are creating mutual aid networks to help their neighbors.

Then as now, the people with the greatest experience of the conditions in need of change bring the most clarity, creativity, and urgency to solutions.

For this reason, Mayor Michael Tubbs of Stockton, CA launched the Stockton Economic Empowerment Demonstration (SEED) in 2019 to provide \$500 a month for 18 months to 125 low-income residents. Similarly, Aisha Nyandoro, Executive Director of Springboard to Opportunities in Jackson, MS launched the Magnolia Mother’s Trust (MMT) in 2018 to provide \$1,000 a month for 12-months to 20 Black women living in public housing. Both initiatives show how powerful such a simple tool can be. In Stockton, a participant reports getting dental work that finally allows them to smile without covering their mouth. Another reports feeling the dignity of being able to cover a car repair without having to ask for help. And in Jackson, moms report paying off predatory debt and continuing their education.

These experiences show the diversity of ways that just a little extra cash can open up possibilities for



City of Newark

families. As Jasmine, a resident of Newark’s Clinton Hill neighborhood our Task Force interviewed, said, “Newark is full of people with unrealized potential, but they need resources to reach that potential.” This is why Newark is pursuing a guaranteed income pilot. By doing so, we will make a direct impact on hundreds of lives immediately, and join with our sister cities from around the country in advocating for a federal guaranteed income policy.

A guaranteed income implicitly recognizes that poor and working-class families, like all families, should be able to lead self-directed lives. In doing so, it provides an essential recalibration of our societal values: we all deserve dignity, and we all deserve self-determination. This is where our nation should be heading. As former Mayor Kenneth Gibson said, “Wherever American cities are going, Newark will get there first.”

By acting together, we can turn this moment of collective uncertainty into a movement that leads to an America where we trust our people by putting more money into their hands not just because there is a crisis, but because it is the right thing to do.

NEWARK GUARANTEED INCOME TASK FORCE

REPORT:

Executive Summary

“Newark is full of people with unrealized potential, but they need resources to reach that potential.” Jasmine, Clinton Hill

Can giving families cash effectively address their unmet financial need? If so, how should it be done? These were the questions animating Newark, NJ Mayor Ras J. Baraka’s announcement in his 2019 State of the City address that he was creating Newark’s Guaranteed Income Task Force. “We believe in universal basic income, especially in a time where studies have shown that families that have a crisis of needing just \$400 in a month may experience a setback that may be difficult, even impossible to recover from.”

Newark is not alone in asking these questions. Stockton, California; Chicago, Illinois; Philadelphia, PA, and Jackson, Mississippi are among the locations where pilots are either being pursued, developed, or implemented.

“Newark is unique among its peers in conceiving of guaranteed income as part of an integrated agenda for inclusive and equitable development to ensure that the benefits of its current period of economic growth are broadly shared.”

This strategy is led by Newark’s Equitable Growth Commission, with which the Task Force has worked in coordination.

FINDINGS

Interviews and focus groups conducted with community members throughout the five wards of Newark deeply informed this report. Some residents were business owners and others had experienced tenuous employment; some were homeowners and others lived in public housing; some were single and others lived in multi-generational homes; some were

“Newark, born and raised” and others were recent or undocumented immigrants.

Despite their diverse circumstances, they shared a chronic lack of cash and the feeling, as described by Keisha from the Fairmont community, of “living life on a month to month basis.”

Critically, this pervasive financial insecurity persists in spite of the extensive set of already-available programs – from Temporary Assistance to Needy Families (TANF), Supplemental Nutrition Assistance Program (SNAP), to the Earned Income Tax Credit (EITC). For example, in New Jersey, less than 20 percent of poor families with children receive TANF; nearly 20 percent of families eligible for the EITC and SNAP fail to participate.

Across programs, three key design features frequently undermine the goal of financial security by restricting access to resources from the households who need them:

- **Potholes:** Holes in access are created by eligibility criteria conditioned on the activities (such as work) and characteristics and characteristics (such as the presence of children in the home, immigration status, or a criminal conviction) of recipients.
- **Red Tape:** A stressful and confusing maze of paperwork to document eligibility and determine benefits can create barriers households may be unable or unwilling to navigate.
- **Straitjackets:** Benefits are designed and delivered in ways that restrict the ability of families to use them as they see fit.

RECOMMENDATIONS

The Task Force has identified a set of recommendations for ways in which the City of Newark can take a leadership role in advancing the goals of a guaranteed income through both *advocacy and direct action*.

Advocacy

The findings of this report affirm that the existing approach to financial security policy is failing. The Task Force recommends an alternative, built around design features that are

- **Unconditional:** Minimal criteria should be required to receive benefits.

- **Automatic:** Eligibility determination and delivery should require minimal effort.
- **Cash-based:** Households should have the flexibility to use benefits as they see fit.

A federal guaranteed income policy would uniquely package these features and deliver resources directly and equitably to households at scale.

Each of the features of guaranteed income is the end point on a spectrum, and there are actions we can take to reform existing programs and push them further toward that ideal. Near-term policy recommendations for state action include:

New Jersey's State Earned Income Tax Credit:

- Expand eligibility under New Jersey Earned Income Tax Credit program to allow taxpayers who are at least 18 years of age to qualify (A838).
- Increase benefit amounts incrementally under New Jersey earned income tax credit program from 40 percent to 100 percent of the federal credit amount for resident individuals who cannot claim a qualifying child (A839).
- Enhance benefit provided under New Jersey earned income tax credit program by treating a qualifying relative as a qualifying child (A840).
- Increase benefit amounts under New Jersey earned income tax credit program from 40 percent to 50 percent of the federal credit amount (A841).

Other State Tax Credits:

- Make the state Child & Dependent Care Tax Credit fully refundable.
- Enact a state Child Tax Credit.

New Jersey's WorkFirst (TANF) Program:

- Expand eligibility requirements and increase income thresholds to TANF (S2329).
- Allow persons with drug distribution convictions to be eligible for general assistance benefits (S805/A3004).
- Eliminate current \$2,000 asset limit.
- Eliminate "family cap" prohibiting an increase in benefit size if a current recipient has an additional child.

Direct Action

1: The Task Force recommends the City of Newark host a

pilot to learn how best to design and deliver a guaranteed income policy to achieve its financial security goals.

Features of this pilot include:

- Engaging participants in the design and evaluation of the pilot to ensure decisions align with their needs and preferences.
- Targeting participation to housing-insecure residents. Housing insecurity is a pervasive experience in Newark among renters and homeowners up and down the income spectrum.
- Layering on top of existing initiatives within the city to address housing security, such as the newly established Land Bank or Office of Tenant Legal Services.
- Leveraging the infrastructure and resources of the pilot to further benefit households and the city, such as distributing resources via a financial product that can function as a bank account for unbanked households or provide an incentive for local use.

We have proposed three study design options to support the goals of this pilot ranging in estimated cost from \$4.5 million to \$12 million.

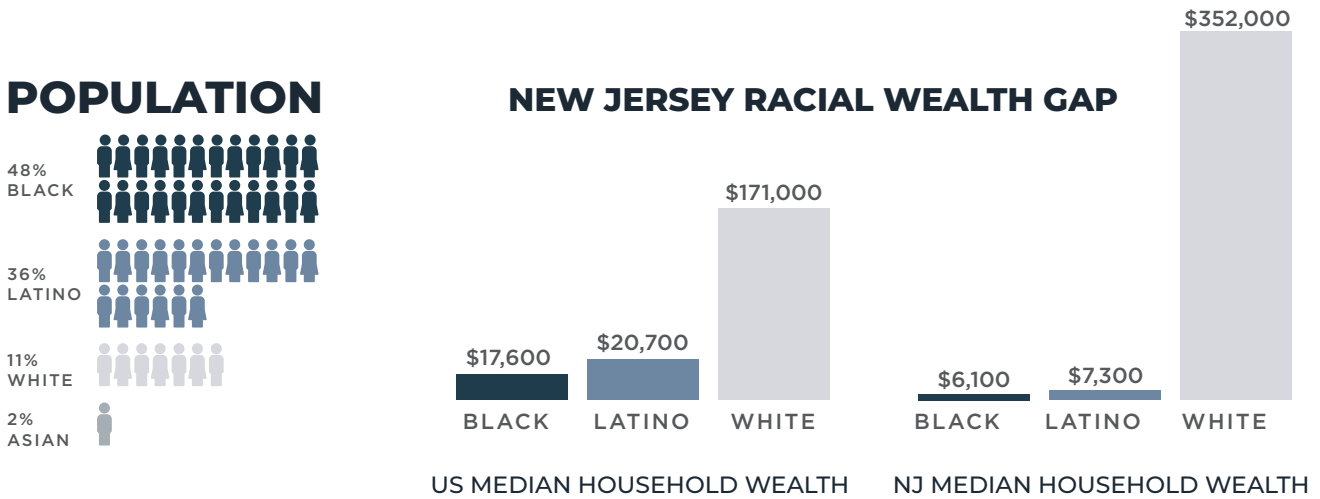
2: The Task Force recommends the City convene a Municipal Fines and Fees Task Force to study ways in which Newark's collection of revenue from its residents could be contributing to their financial insecurity and to provide recommendations for potential reform.

INTRODUCTION

Financial Insecurity in Newark

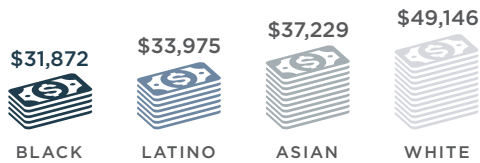
Across the city of Newark, residents are walking a financial tightrope. United Way estimates that 72 percent of residents in 2016 had incomes that fell below the cost of basic essentials – including food, housing, transportation, and child care – of over \$63,000.¹ Housing presents an especially heavy burden. The majority of Newarkers, nearly 60 percent of renters (who constitute 78 percent of households in Newark) and 54 percent of homeowners, dedicate at least 30 percent of the income they do earn to covering their rents and mortgage, a threshold that the Department of Housing and Urban Development uses to determine eligibility for housing assistance.²

This leaves little left over to buffer against any increases in costs or drops in income, or to be invested in ways that could make the future more secure and predictable. And while households at all income levels are almost equally likely to experience an income disruption,³ households with lower incomes and especially households of color are also less likely to have the savings necessary to buffer against the impact of these disruptions. Indeed, nearly three-quarters of Latino Newarkers and two-thirds of Black Newarkers live in liquid asset poverty, defined as having less than \$6,275 for a family of four in 2018, compared to less than one-quarter of white Newarkers:⁴



Source: FederalReserve; Prosperity Now 2018 (adjusted for inflation) and 2020 Scorecards

MEDIAN HOUSEHOLD INCOME



LIQUID ASSET POVERTY

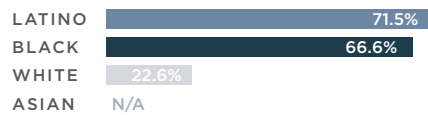


Figure 1: Newark demographic and socioeconomic breakdown

These narrow margins mean that even minor changes in families' income or expenses can inflict deep material and financial consequences. Researchers have coined the term "heat or eat" for the tension created in the winter months by increasing utility costs against the relative flexibility of a household's food budget, which can result in increased hunger and inadequate nutrition. Northern states like New Jersey are especially susceptible to this dynamic.⁵

When families cannot cut back on costs, they take on debt. And, as Jasmine, a full-time college student and mother of two from Clinton Hill, shared, this makes rebounding harder in the long run because "People are coming from a deficit."

Indeed, surveys show more than one-in-three middle- and low-income households use credit cards to cover basic living expenses, such as rent or utilities, and these households tend to carry higher average balances (\$13,302) than households who use their credit cards for more incidental purchases (\$7,795).⁶ These interest and fees that accrue can be especially high and difficult to pay back for subprime forms of debt, such as car title loans or pawn loans. Within Newark, 58 percent of households carry delinquent debt (debt 60 days or more overdue) with a median balance of \$1,196, compared nationally to 34 percent and \$1,565, respectively.⁷

City of Newark



In cities like Newark with high levels of concentrated poverty, financial insecurity at the household level reverberates throughout the community, leading to decreased tax revenue, higher costs for emergency services, and lower levels of utility payments.⁸

THE NEWARK GUARANTEED INCOME TAX FORCE

It was in response to these conditions that in his 2019 State of the City address, Mayor Ras J. Baraka announced the creation of the Task Force. "We believe in universal basic income, especially in a time where studies have shown that families that have a crisis of just \$400 in a month may experience a setback that may be difficult, even impossible to recover from."

"It's a struggle to get these programs that are supposed to be helpful."

Jasmine, Clinton Hill¹²

This report is the product of Newark's Guaranteed Income Task Force convened by Mayor Ras J. Baraka to develop a set of recommendations to address unmet financial needs within the city. Members of the Task Force include a diverse set of institutions, from the Community Development Corporations that anchor each ward, to universities, philanthropies and direct service organizations. All of these groups have gathered to collectively grapple with the challenges they observe undermining the financial security of Newark's residents.

The Task Force sought to address those challenges by:

- Identifying the strengths and limitations of existing programs to address those needs, and
- Evaluating the potential of a guaranteed income policy, and ways in which interim steps advancing the goal of increased access to less conditional, more flexible resources, could meet these needs.

In parallel, several members of the Task Force, including Ironbound Community Corporation, La Casa de Don Pedro, Urban League of Essex County, Unified Vailsburg Services Organization, and Greater Newark Local Initiatives Support Corporation (LISC) reached out to nearly 30 community members representing all five wards of the city through a mix of five interviews and three focus groups.

Through the creation of the Task Force, Newark joined a growing number of cities investigating a guaranteed income policy as a strategy to meet the financial security needs of their residents. Oakland and Stockton, California; Chicago, Illinois; Jackson, Mississippi; and Milwaukee, Wisconsin are among the locations where pilots are either being pursued, developed, or implemented to 1) provide cash-infusions in the near term; and, 2) grow the evidence base around how these interventions perform to inform the design and delivery of a policy that could achieve these goals at scale.

These contemporary efforts around guaranteed income build upon an extensive foundation of practice and research. Pilots have been deployed in diverse geographic, demographic, and political contexts.⁹ Income support measures were also prominent among the recommendations of the recent report for the National Academies of Sciences on reducing child poverty over the next 10 years, including expansions to the Earned Income Tax Credit and adoption of a child allowance.¹⁰

Newark is seeking to contribute to this field of knowledge and action using person-centered insights for policy change. Indeed, among the recommendations of the Task Force is a guaranteed income pilot to establish a process to bridge people's experiences to the policies that impact them. Community-driven change is an ethos of Newark, which has a deep history of community members taking direct action to challenge the injustices around them. It is

embedded in the landscape, where the City's Community Development Corporations were established to provide housing, workforce development, and social services to residents in need. And it is institutionalized as a part of government decision-making by the Newark's People's Assembly, an initiative of Mayor Baraka intended to make Newark a leader of community engagement and empowerment.¹¹ As such, Newark is uniquely credentialed to contribute the community-driven insights that are necessary to making a guaranteed income policy both effective and equitable.

POTHoles, RED TAPE AND STRAIGHTJACKETS:

The Problems with Existing Financial Security Policy

The Newarkers who inform this report are diverse; some are business owners and others have experienced tenuous employment; some are homeowners and others live in public housing; some are single and others live in multi-generational homes; some are "Newark, born and raised" and others are recent or undocumented immigrants. The financial circumstances of these households are as unique as the households themselves. Discussions among the Task Force and with community members surfaced wide-ranging financial challenges for Newark residents that amounted to a chronic lack of cash constraining households in critical ways, such as preventing a move to a safer neighborhood, making classes to get a better job impossible, or impeding the ability to care for an ailing family member if it meant missing work.



Despite their diverging circumstances, community members were unified in experiencing a chronic lack of cash which constrained their decision making in critical ways. According to Keisha from Fairmont, without being able to count on having the money she needed to support her family, she felt like she was “living life on a month to month basis.” Many other residents expressed similar sentiments.

Critically, the pervasiveness of financial insecurity among Newark residents persisted in spite of the extensive set of programs – from TANF to the Supplemental Nutrition Assistance Program (SNAP) to the Earned Income Tax Credit (EITC) – that are already available.

While some of these programs may perform well for some people, no program performs well for all people – and this is by design. Across programs, three key design features frequently undermine the goal of financial security by restricting access to resources from the households who need them:

- **Potholes:** Holes in access are created by eligibility criteria conditioned on the activities (such as work) and characteristics (such as the presence of children in the home, immigration status, or a criminal conviction) of recipients.
- **Red Tape:** A stressful and confusing maze of paperwork to document eligibility and determine benefits can create barriers households may be unable or unwilling to navigate.
- **Straitjackets:** Benefits are designed and delivered in ways that restrict the ability of families to use them as they see fit.

These features transform what should be an integrated set of programs supporting households into a ropes course, compounding financial stress with the stress of navigating these programs. As a result, many Newarkers are falling through the cracks, either excluded from existing programs or failing to capture the benefits to which they are already entitled.

For example, in New Jersey, less than 20 percent of poor families with children receive TANF,¹³ and nearly 20 percent of families eligible for the EITC¹⁴ and SNAP¹⁵ fail to participate. These participation gaps reflect millions of financially insecure families missing out on billions of dollars in resources, and previous research shows that eligible non-participants are predominantly communities of color.¹⁶

This section demonstrates the ways in which these elements manifest across a range of financial security policies directed at poor and low-income families in order to establish 1) the scale at which these policies are failing; and 2) that these failures are endemic to our current approach to financial security. Together, these observations demonstrate that the existing redistributive infrastructure disproportionately benefits the already financially secure.

POTHOLES: THE PROBLEM OF CONDITIONALITY

Across financial security programs, eligibility for programs is conditioned on the activities and characteristics of recipients. This creates significant holes in the safety net. Recent or undocumented immigrants, individuals who have criminal convictions, and single adults without custodial children are among the groups either wholly excluded or eligible for a diminished set of benefits due to conditions placed on eligibility.

The condition most disqualifying for poor-and low-income households is the requirement of formal wage income. Work requirements can be explicit in programs like TANF that require participants to be engaging in a range of work-related activities to receive benefits, or implicit in programs like the EITC that base benefits on wage income.

The ascendance of “work” as the defining feature of the American welfare system was initiated during “welfare reform” in the mid-90’s. This transition from “welfare” to “workfare” was in part an effort to repudiate the entrenched public perception that traditional cash welfare itself was a driver of poverty. According to national surveys, in 1989, 64 percent of Americans felt that “welfare benefits make poor people dependent and encourage them to stay poor.”¹⁷ Accordingly, the modern iteration of cash welfare, Temporary Assistance for Needy Families, imposed strict work requirements and time limits on participation. As direct cash assistance was curtailed, the Earned Income Tax Credit was significantly expanded.

Predictably, conditioning financial security policy on work has shifted resources away from the families most disadvantaged by the labor market. According to the Urban Institute, among the tax provisions targeted to low-income households, in 2019, insufficient earnings prevented approximately 16.8 million people (including

adults and children) from receiving the maximum EITC disbursement, and 16.1 million people were fully excluded due to lack of earnings.²¹

Further, while the maximum credit for the Child Tax Credit (CTC) is \$2,000 per child under 17, only \$1,400 is refundable, and therefore not available to families with no federal income tax liability. A single mother earning \$14,000 in 2019 with two children, for example, would receive \$1,725 as a refund, while a mother with up to \$200,000 in income would receive the full \$4,000 credit.²² And, since families of color and those headed by women are most insecure within the labor market,²³ they are most likely to be among the households receiving less than the full credit.²⁴

Critically, in recent years there have been mounting efforts to condition provision of benefits on work across other public assistance programs. USDA rulemaking²⁵ strengthening work requirements for “able-bodied adults without dependents,” set to take effect April 1st, would have ended food assistance for an estimated 700,000 individuals had it not been put on hold due to the federal COVID-19 response.⁶ was set to take effect April 1st, but put on hold due to the federal COVID-19 response.

Four states²⁷ have followed guidance from the Department of Health and Human Services to impose work requirements on Medicaid,²⁸ while seven others have applications pending approval. In Arkansas, the first state in which these requirements have been enacted, nearly 17,000 and counting have lost their health insurance.²⁹



WAGES AND EMPLOYMENT IN NEWARK HAVE STARK RACIAL DISPARITIES

Financial security policies conditioned on work disregard the difficulties that come with finding a job and the unavoidable costs, like transportation, which particularly disadvantage people of color. The New Jersey Institute for Social Justice reports that despite having a higher labor force participation rate, people of color in Newark have the highest unemployment rates, with Black residents experiencing an unemployment rate double that of White residents.¹⁸

Meanwhile, employed Newarkers of color have to commute farther and for lower-paying jobs than their White counterparts. Only 18 percent of jobs in the city are held by Newark residents, while 60 percent of employed residents commute within New Jersey or to New York, frequently experiencing commutes of an hour or more.¹⁹ This “spatial isolation,” the decentralization between where people work and where they live, has taken the greatest toll – either in terms of time or expense – on poor workers who must rely on public transportation (when available) or commute with their own automobiles.²⁰ Tanya, for example, a mother of four, reported driving one of her sons to his job at the Ikea in Elizabeth – usually around 30 minutes to an hour each way – around her own full-time job with the State of New Jersey.

Employment and wages for Newarkers of color are bleak. Newark residents hold 26 percent of jobs paying less than \$15,000 annually in Newark and 28 percent of jobs paying between \$15,000 and \$40,000 per year, but only 10 percent of jobs paying more than \$40,000 annually. And, while almost three-quarters of Newark residents are people of color, 60 percent of the people employed in Newark are White. Just 31 percent of the people employed in Newark are Black and only 20 percent are Latino.

There is an inherent contradiction in the design of a financial support program when the resources meant to stabilize a vulnerable individual or family are only available when they already have a job or sufficient income. And, in the presence of pervasive racial exclusion and discrimination within the labor market, financial security policies conditioned on work leave families of color especially unprotected.

RED TAPE: THE PROBLEM OF COMPLEXITY

Conditional public assistance programs necessitate some level of eligibility verification, commonly requiring applicants to fill out numerous forms and visit multiple offices, navigating a complex bureaucracy for a small level of assistance. In this way, the barriers to resources begin before families even qualify for benefits, through formal and informal administrative processes that deter and exclude eligible households. Since many low-income people have inadequate access to transportation and limited flexibility for taking time off work, visiting multiple offices in person can be difficult if not impossible. These similarly create barriers to completing training and workforce development programs offered instead of cash assistance.

These requirements are one method of bureaucratically “rationing” the limited assistance available among eligible people “by imposing costs and inconvenience on clients.”³¹ This same ideology shapes other practices of “soft deterrence” or “administrative exclusion,” such as the long lines, misplaced paperwork, and unapologetic miscommunications other participants described.³² In other words, the application processes and delivery mechanisms for these types of benefits are not structured to facilitate maximum take-up, but to curb access and further indulge the myth of widespread fraud by insisting that a robust system of safeguards for “program integrity” is the only way to prevent it.

For tax-administered benefits, rules intended to reduce fraud and increase compliance have resulted in an incredibly complicated process for determining eligibility and benefit size. In fact, the IRS workbook that presents information about EITC eligibility and benefit

Jasmine, a full-time college student and mother of two from Clinton Hill, visited a social service office to support a friend seeking assistance.

The chaos of that visit, the rudeness she perceived from the case work they encountered, and the mountain of paperwork that had to be completed overwhelmed her. Despite the potential benefit of some of these programs to help meet her own financial needs, she said her Attention Deficit Disorder would make clearing those hurdles insurmountable. “I am just not built for that.” She wondered how other people with physical or mental health challenges would make it through that process. Indeed, complex applications compound the increased cognitive load of stress and anxiety that low-income families commonly experience.³⁰

For Jasmine, like several others, the financial benefit was contingent on too many unwieldy stipulations, yet with no guarantee the effort would be worth the difficulty of wading through the process.



determinations exceeds 40 pages, covering factors ranging from age, citizenship, and who counts as a qualifying child.³³

The complexity of this process leads many EITC recipients to seek the services of paid preparers. In 2013, 60 percent of EITC households (15 million) paid approximately \$990 million in fees, not including the

costs of additional services and products sold by paid preparers, such as prepaid cards and Refund Anticipation Checks.³⁴ A survey of national paid tax preparation storefronts in Washington, D.C. and Baltimore found that filers claiming the EITC paid the equivalent of between 13 and 22 percent of their refunds in fees.³⁵

Rather than promoting greater program efficiency and reducing payments made in error, the red tape that surrounds financial security programs often serve to cut off access to the families that need them and impose a cost to access resources on families who can least afford it.

STRAIGHTJACKETS: THE PROBLEM OF PATERNALISM

Finally, for those families who both meet eligibility conditions and are able to navigate the required paperwork to determine that eligibility, the final benefit may be of limited value. This is because programs, especially those serving primarily poor families, restrict the use of benefits to specific needs, such as food or housing, rather than providing the cash that would allow them to customize these resources according to their unique needs. These restrictions defy the substantial evidence demonstrating that the flexibility cash presents to households increases the efficiency of resources being provided precisely because of the way that it invites discretion over how it is used.³⁶ In contrast, the preponderance of financial security policies aimed at low-income households view household discretion as the problem, not the solution. As a result, paternalism is a defining feature of our nation's safety net.³⁷

The clearest indicator of this paternalism is the decline in the level of cash assistance to families through direct spending programs (typically targeted towards households with low or no formal wages, as opposed to tax-administered programs, such as the EITC, requiring wages) in favor of more politically palatable in-kind benefits – goods or services restricted to specific uses. In 1968, in-kind benefits comprised 60 percent of the social safety net in the U.S.; by 2012, it was 85 percent.³⁸ In 2018, about 20 percent of TANF funds went directly to families in the form of cash assistance, compared to 71 percent in 1997.³⁹ Predictably, cash deprivation has risen,

and between 1993 and 2013, and the percentage of American households receiving SNAP but having no cash income more than doubled.⁴⁰

The consequences of these changes have been deeply inequitable. While TANF participation has eroded for all families in poverty – from 68 percent of eligible families in 1996 to 23 percent in 2017 – almost 40 percent of Black Americans live in states where TANF is serving only 10 percent of poor families.⁴¹ Further, states with larger Black populations are more likely to have lower benefit levels, more restrictive eligibility policies, and harsher sanctions, which may result in temporarily reduced or suspended benefits, or even permanent termination.⁴² And, recent research shows that these administrative choices made by states increased the number of Black children living in poverty by 256,000 between 2012 and 2014.⁴³

Though SNAP has been one of the U.S.'s most effective and responsive anti-poverty programs, benefits cannot be used for essential items like diapers, toilet paper, or other basic household goods. Meanwhile, many cases of SNAP "fraud," while uncommon, involve the exchange of SNAP benefits for a lower level of cash, signaling that households have critical needs that SNAP cannot meet and that attempting to meet these needs requires committing a criminal act.

In summary, although many Newark residents are taking steps to improve their economic circumstances and prospects, whether by pursuing a higher paying job, going back to school, starting or expanding a small business, or saving money, existing financial security programs rarely support their efforts to do so – and may even impede them.

These outcomes are driven by policy design choices that presume that financially insecure people do not share the same goals, deserve the same outcomes, or work as hard as other Americans. The heavy emphasis on work requirements implies that families receiving assistance will not work unless coerced. The restrictions on access and choice affirm the idea that financial insecurity results from a series of bad personal decisions, rather than systemic inequalities and roadblocks. The result is a system that marginalizes the very families it ought to empower, while reinforcing broader understandings of economic inequality that downplay the impact of discriminatory policies and structural conditions.

RECOMMENDATIONS

The Task Force has identified a set of recommendations for ways in which the City of Newark can take a leadership role in advancing the goals of a guaranteed income through both advocacy and direct action.

Opportunities for Advocacy: A Federal Guaranteed Income Policy

Given that we know families need cash, and we know the government is already spending billions on programs that insufficiently meet that need, this report seeks a solution that supports the agency, dignity, and choice of the families who are receiving it. The Task Force recommends a federal guaranteed income policy to deliver resources directly and equitably to households at scale.

A guaranteed income policy uniquely offers a collection

of design principles that directly addresses the problems of conditionality, complexity, and paternalism that define the existing approach to financial security policies.

Making benefits unconditional would, unlike the existing system, divorce benefits from work requirements. Individuals would have greater autonomy to choose a work arrangement that meets their needs and have the flexibility to devote time away from paid employment to caregiving – without sacrificing their financial wellbeing.⁴⁵

Likewise, providing benefits unconditionally would make the documentation and verification processes considerably less complicated. Further, by making receipt of assistance part of social citizenship, a guaranteed income policy might reframe financial insecurity as a collective problem -- a byproduct of our current economic

DESIGN ELEMENT	BENEFITS FOR INCREASING AGENCY	BENEFITS FOR FINANCIAL SECURITY
Unconditional	<ul style="list-style-type: none"> • Does not frame financial insecurity as the result of personal failings • Requires less monitoring of recipients 	<ul style="list-style-type: none"> • Greater access to cash • Lower administrative costs without conditions means more money for families
Automatic	<ul style="list-style-type: none"> • Eliminates stigma by making receipt of assistance part of social citizenship • Can be delivered through system independent of welfare office 	<ul style="list-style-type: none"> • Greater access to cash • Progressive structure that targets benefits for lowest-income households • Structured to promote opportunities to save
Cash-based	<ul style="list-style-type: none"> • Enables recipients to make best choices about how to use their assistance, rather than making those choices for them 	<ul style="list-style-type: none"> • Greater access to cash, and therefore bank account ownership • Greater autonomy over purchases; does not distort consumer preferences
Distributed to Bank/Credit Union Account	<ul style="list-style-type: none"> • Allows families to access benefits through mainstream financial services rather than separate, less flexible system 	<ul style="list-style-type: none"> • Greater autonomy over funds • Ability to avoid fees and fringe services • Opportunity to bank the unbanked

system, rather than a consequence of personal failings. Doing so would eliminate stigma associated with receiving assistance.

Finally, by providing benefits in the form of cash, a guaranteed income would offer recipients the flexibility to make their own choices about how to use their assistance. Rather than have such choices imposed on them, recipients can tailor benefits to their own needs.⁴⁶

In short, a guaranteed income policy would affirm that all members of our society deserve to fully develop their capabilities and lead self-directed lives.

4: Opportunities for Advocacy: State Policy Reform

In its most essential form, guaranteed income is an idea – a collection of design principles for increasing the financial security and affirming the agency of its recipients.

Each of the principles of guaranteed income – unconditional, automatic, and cash-based – is an end goal. While we work to implement a federal guaranteed income policy, there are immediate actions we can take to reform existing programs and push them further toward that ideal. The task force recommends the following state-level reforms as steps in this direction (bill numbers included where there is active legislation):

New Jersey's State Earned Income Tax Credit:

- Expand eligibility under New Jersey Earned Income Tax Credit program to allow taxpayers who are at least 18 years of age to qualify (A838).
- Increase benefit amounts incrementally under New Jersey earned income tax credit program from 40 percent to 100 percent of the federal credit amount for resident individuals who cannot claim qualifying child (A839).
- Enhance benefit provided under New Jersey earned income tax credit program by treating a qualifying relative as a qualifying child (A840).
- Increase benefit amounts under New Jersey earned income tax credit program from 40 percent to 50 percent of the federal credit amount (A841).

Other State Tax Credits:

- Make the state Child & Dependent Care Tax Credit fully

refundable.

- Enact a state Child Tax Credit.

New Jersey's WorkFirst (TANF) Program:

- Expand eligibility requirements and increase income thresholds to TANF (S2329).
- Allow persons with drug distribution convictions to be eligible for general assistance benefits (S805/A3004).
- Eliminate current \$2,000 asset limit.
- Eliminate "family cap" prohibiting an increase in benefit size if a current recipient has an additional child.

Opportunities for Direct Action: A City of Newark Guaranteed Income Pilot

The Task Force is recommending that the City of Newark host a pilot as a tool for building both momentum and the knowledge base around guaranteed income. This is a task Newark is well-positioned to attempt. The city possesses a range of assets – from universities to direct service providers to financial service providers – capable of providing the infrastructure to implement such a pilot and translate its outcomes into specific policy applications. It also boasts a rich history and deep culture of community-led social change. These components are central to designing and delivering a guaranteed income policy that aligns with the needs and preferences of those it serves.

This section establishes a framework that identifies and discusses four of the key design elements the Task Force believes should shape the development of the pilot – Community-Engaged Design and Evaluation, Participants, Administrative Entity, and Concurrent Considerations. More granular considerations for research design are included in the appendix.

1: Community-Engaged Design and Evaluation

Key Research Question: In what ways can a participatory design process surface features that would make a guaranteed income policy more equitable and responsive?

A failure of existing policy tools to enable all members of our society to thrive – regardless of their financial circumstances – is a signal that the processes creating them are too often disconnected from or indifferent to the lives they impact. To improve policy, we need different processes. **Accordingly, the Task Force recommends that community-engaged discernment and decision-making be a key feature of Newark's guaranteed income pilot.**

We believe this design approach would have multiple advantages. Soliciting community members' input before undertaking the pilot design will help to identify specific pain points among participants and to understand the impact of a guaranteed income in the broader context of each participant's life. By continually engaging community members throughout implementation, the city can ensure the pilot performs in accordance with its stated goals. There are a range of models that Newark can draw on to structure this engagement, both within the city and beyond it. The Stockton Economic Empowerment Demonstration (SEED) as well as the Magnolia Mother's Trust pilot in Jackson, Miss. have been – and continue to be – shaped by continual input from community members as empowered stakeholders.

Newark's culture of community-led social change is rooted in the ethos of its residents, who over the past 60-plus years have organized around issues ranging from labor and civil rights to environmental justice and the equitable development for neighborhoods and education.

Newark was at the epicenter of community engagement for social change and justice initiatives starting in the 1960's with its residents involved in various civil rights and services efforts; the Black and Puerto Rican Political Conference following the Newark Rebellion and the subsequent election of Ken Gibson the first Black mayor of a major city served as models for the country.

Black, Hispanic, and white Newark residents, mostly working class, have over time created a wide range of neighborhood community development corporations (CDCs) across the entire city. Through their history, CDCs have both provided direct social services and served as hubs for community advocacy and organizing. Newark CDCs in 1979 created the Newark Coalition for Neighborhoods, a citywide coalition aimed at addressing major problems plaguing the city. The coalition's work included establishing early community policing efforts, playing a key role in the environmental cleanup of the Passaic River, and helping forge the pioneering multi-sector Newark Collaboration Group in the mid-'80s, one of the first truly multi-sector citywide collaborative efforts in a major city.

The rich tradition of community-driven change remains potent in the city's current efforts to embed citizen participation across governmental operations. Newark's 2018 report *Newark Forward: A Blueprint for Equitable Growth and Opportunity in the City of Newark* details

multiple recommendations to establish "Newark as a national leader in civic participation and empowerment." Among those recommendations now in operation is the Newark People's Assembly, which provides an infrastructure for bridging the gap between community members and the elected local officials making decisions impacting their lives.

2: Identifying Participants

Key Research Question: Can guaranteed income increase housing security by mitigating income disruptions and easing ongoing housing burdens?

While a guaranteed income policy should be broadly available, a pilot would need to identify participants more narrowly to conform to funding and other capacity constraints. **The Task Force is recommending that participation be structured around residents experiencing housing insecurity.**

Newark is undergoing an unprecedented economic development boom with construction of thousands of new housing units, yet the city's residents continue to experience an affordability crisis. A recently released report by the Rutgers Equitable Development Working Group and Rutgers Center on Law, Inequality, and Metropolitan Equity (CLiME) found that over 20,000 households in Newark are paying more than 50 percent of their income towards rent, which makes them extremely rent burdened.⁴⁷ The rental affordability crisis affects a vast majority of residents, given that 78.2 percent rent their homes. The eviction rate in Newark is about 25 percent, and last year 40,000 evictions were initiated. Approximately 50 percent of these eviction cases involved low- to moderate-income Newark residents.

For households with insufficient income, housing costs frequently displace other essential needs within a family's budget and cause considerable stress. Unsurprisingly, the majority of service requests by low-income residents filing their taxes with volunteers with Newark's Asset Building Coalition are housing-related, from rental assistance to housing discrimination.⁴⁸

Just as housing insecurity assumes many forms, from homelessness to being housing cost-burdened, so too are its causes and consequences. For example, we heard from staff of the Breaking the Cycle program at Ironbound Community Corporation about the dynamic between housing insecurity and domestic violence.

Financial resources are essential to transitioning out of unsafe domestic conditions, recovering from trauma, and becoming established in a safe and stable environment. Access to these resources can be limited, especially among women already experiencing financial hardship and those with children requiring additional accommodation. In many cases, spending from shared bank accounts or credit cards could expose those fleeing abusive living situations to further risk. Since most shelters limit stays to between 30 and 90 days, victims of domestic violence need the financial resources to secure alternative housing.

For other households, housing insecurity could be an ongoing condition where residents' financial needs frequently exceed their current income. Asset-limited, income-constrained, employed (ALICE) households, for example, comprise a significant number of Newark residents. Among the people in this category who informed this report, several spoke of the constant stress and distraction of making ends meet--a phenomenon often called a "bandwidth tax."⁴⁹ They also spoke of the mounting costs of short-term fixes; paying for an Uber ride to work, for example, when they could not afford car repair. Over time these patchwork solutions metastasized into missed opportunities, such as expanding a small business, saving for their retirement, or putting money aside for a child's college education – all of which could make their lives more financially stable in the future.

Whether housing insecurity is acute or sustained, it is enabled by failures in existing conditional public assistance programs. Public resources can play a critical role for women seeking to leave a violent domestic environment. During a study of TANF recipients in Chicago, half reported using the program in response to domestic violence.⁵⁰ Yet accessing critical TANF benefits is not easy for most survivors, who often find them difficult to access and disbursed unreliably. Specifically, women participating in TANF's Family Violence Option, which extends benefits to domestic violence victims, report problems with a host of eligibility and screening notifications required by the progra.⁵¹ ALICE households, despite experiencing this level of financial insecurity, frequently surpass the income eligibility for financial security programs. And for most programs, there is no geographic variation for benefit size or income eligibility, so households whose income would make them much more sustainably situated in other parts of the country struggle to get by in Newark, with its high cost of living.

In either case, a guaranteed income policy providing regular infusions of cash into the household could help avert this insecurity or mitigate its impact. Indeed, existing research from the Urban Institute shows that households experiencing an income disruption are significantly more likely to face eviction or miss a housing payment than households that don't.⁵² And, even small amounts of resources – either in the form of savings or emergency assistance – have shown powerful stabilizing effects.⁵³

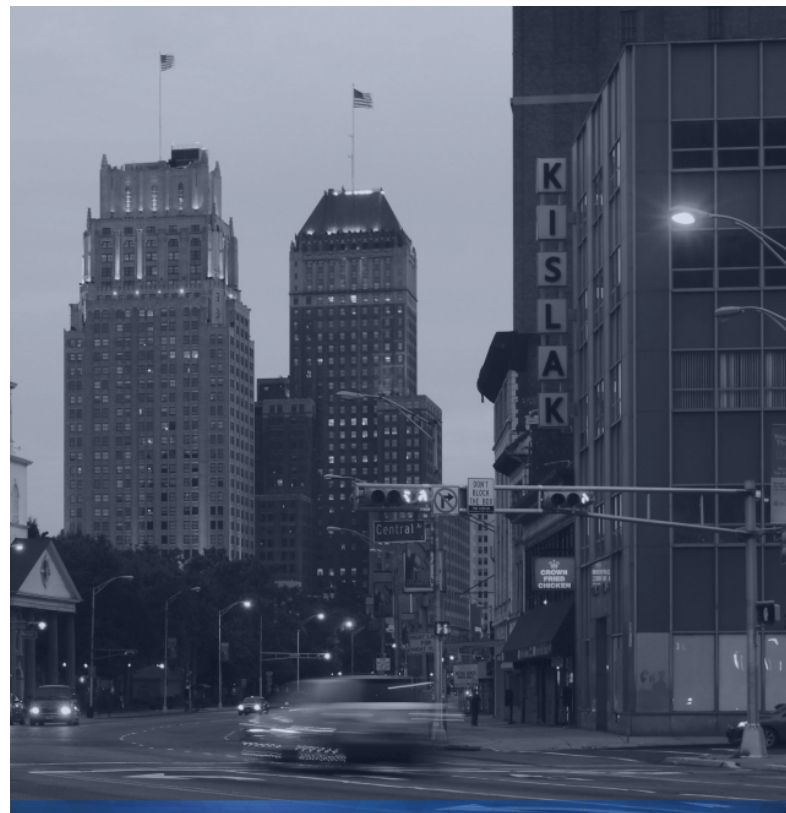
3: Identifying an Administrative Entity

Key Research Question: How can administering a guaranteed income through an entity focused on achieving housing security enhance that outcome?

The Task Force recommends administration of the pilot be run through a city entity that maps onto the forms of housing insecurity to be addressed.

Building from an existing infrastructure would allow for ongoing engagement with participants and would provide a foundation of existing organizational capacity. By increasing the financial stability of participants in existing programs through regular cash infusions, the pilot can be considered an enhancement to these programs with the potential to improve their outcomes.

Axel Drainville



The City of Newark has placed housing and anti-displacement at the center of the mission of its Equitable Growth Advisory Commission and is investing in services and programs across the spectrum of housing needs. The pilot could be layered on top of a number of these ongoing initiatives focused on housing insecurity, such as the newly established Land Bank, which would reclaim abandoned properties for homeownership and the Office of Tenant Legal Services, focused on households at risk of eviction or homelessness.

A readiness assessment should be conducted to determine what organizations or partnerships would provide the administrative capacity and established community trust necessary to implement a pilot successfully, as well as to determine if additional investments might be necessary.

4: Identifying Complementary Design Elements

Key Research Question: How can a guaranteed income be leveraged to increase the financial wellbeing of both its participants and their communities?

The Task Force recommends identifying complementary design features that would amplify the value of these resources both to the participants and the city.

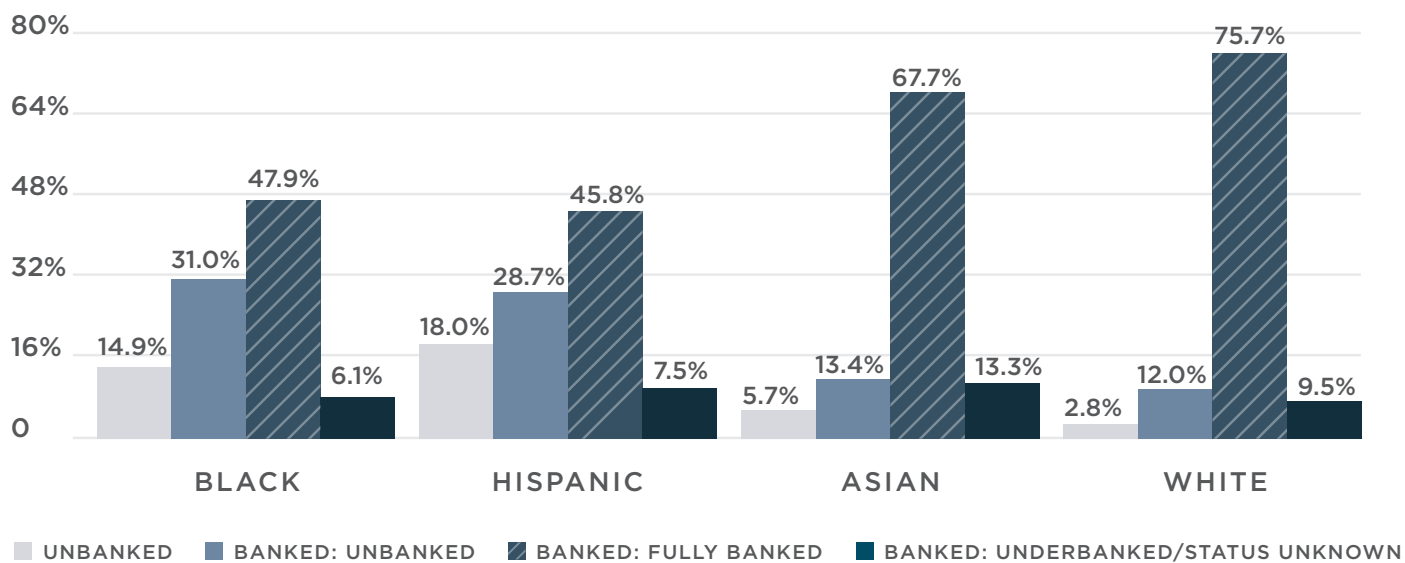
A pilot could play a valuable role testing ways that a federal guaranteed income policy could be designed to help households receive, retain, and grow these resources.

By providing the infrastructure reaching households as well as the resources themselves, a guaranteed income policy would in many ways replicate the “the tax time moment.” For many low-income households, their tax refund is the largest check they will receive all year. The Urban Institute estimates that 26 million families will receive around \$70 billion from the EITC in 2019.⁵⁴ Newark’s Asset Building Coalition (NABC) reports returning nearly \$14 million in federal refunds to the over 9,200 tax filers they assisted in 2019.

Several human service organizations within the city, particularly NABC, provide a range of services that take advantage of the tax filing process, from opening bank accounts to participating in matched saving programs.

Access to a bank account is the most basic building block of financial inclusion, a necessity for safely and affordably transacting resources that a household receives. Yet, there can be many barriers to access, which can exacerbate a family’s financial insecurity, especially for families of color. According to the FDIC’s national survey, 25.7 percent of Americans making below

UNBANKED AND UNDERBANKED FOR NEW YORK - NEWARK - JERSEY CITY, NY - NJ - PA, 2017 BY RACE/ETHNICITY



Source: 2017 FDIC National Survey of Unbanked and Underbanked Households. NA indicates that the sample size is too small to produce a precise estimate. - indicates areas with geographic boundary changes between the 2013 and 2015 surveys. Underbanked definition is based on the following AFS: check cashing, money order, remittance, payday loan, rent-to-own service, pawn shop loan, refund anticipation loan, and auto title loan.

\$15,000 were “unbanked” as of 2017, compared to 6.5 percent of the population overall, while 18.7 percent were “underbanked.”⁵⁵ For the Metropolitan Statistical Area including Newark, 7.9 percent of households are unbanked, while 18.3 percent of households are underbanked.

People of color are also disproportionately likely to be unbanked; 16.9 percent of Black and 14 percent of Hispanic households are unbanked or underbanked, compared to 3 percent of White households. The most common reason respondents cited for not having a bank account was that they “don’t have enough money to keep in an account,” while the second most common was that they “don’t trust banks.”⁵⁶

As a result many such households rely on high-cost credit and fringe financial services like check cashers, which provide few opportunities to save securely and contribute to the “high costs of poverty.”⁵⁷ For a family making less than \$25,000 a year without a bank account, financial transaction fees can cost nearly 10 percent of their income – more than they spend on food.⁵⁸ Due to disparities in bank account ownership, the costs of financial transactions are disproportionately high for families of color.⁵⁹

Accordingly, a Newark pilot should aim to close gaps in financial inclusion among its residents by providing disbursements through a product that provides increased functionality and consumer protections.⁶⁰ One possibility could be partnership with Mobility Financial Capital (MoCaFi), a financial technology firm based in Newark and a member of the Task Force, which has developed its financial products specifically to provide unbanked and underbanked communities safe and affordable financial access. Additionally, the product could also promote asset building opportunities by being structured with a separate savings bucket into which the participant could opt to divert a portion of the benefits they receive.

Finally, the pilot could function as a community development tool and complement existing initiatives already underway to support the growth of neighborhood small businesses and stimulate the local economy. In the summer of 2017, for example, Mayor Baraka announced the Hire. Buy. Live. initiative as a comprehensive strategy to spur the growth of local businesses and create full-time, living wage jobs for unemployed residents. As part of this initiative, Audible provides \$15 vouchers to its hundreds of employees to eat lunch at 22 downtown restaurants and recently reached a 90 percent

participation rate.⁶¹ Similarly, the pilot could leverage the infrastructure supporting Hire. Buy. Live. to create incentives for local use, so that these resources remain in the Newark economy and encourage a virtuous cycle of community investment and growth.

Opportunities for Direct Action: Task Force on Municipal Fines and Fees

As a second opportunity for the City of Newark to take direct action, the Task Force recommends the Mayor convene a Municipal Fines and Fees Task Force to study ways in which the revenue Newark collects from its residents – from traffic violations to court fees – could be undermining their financial security and to provide recommendations for potential reform. Though outside of the traditional scope of guaranteed income efforts, the logic is clear: for residents to receive the maximum benefits of a federal guaranteed income policy or city-based pilot, we must ensure that we aren’t giving money with one hand and taking it away with the other.

The consequences of these costs can be deep and long-lasting. A recent report from the Brennan Center for Justice finds that collections and enforcement practices can result in mounting interest on unpaid debt, suspension of driver licenses, and even incarceration.⁶² These outcomes can create barriers to work that make it harder for the individual to repay – and therefore even less likely that the city will actually capture these resources. Indeed, the report finds that state and local governments sometimes spend more to recoup these costs than the value of the costs themselves.

This measure would also align with efforts being made by cities across the country to examine and reform their fines and fees structures. A report by the US Conference of Mayors and the Financial Security Program at the Aspen Institute documents a range of actions that cities are taking to address fines and fees. Its recommendations include eliminating penalties that would exacerbate an individual’s inability to pay and waiving the fine or fee when doing so would impede other municipal goals.⁶³

Investigating the financial impact of Newark’s fees and fines on its residents would both complement the goals of the Task Force and support the city’s existing efforts to develop a community-driven approach to policing that would foster trust among residents and law enforcement.

CONCLUSION

The Newark Guaranteed Income Task Force has found that financial insecurity is rampant among Newarkers up and down the income ladder, and especially among communities of color. This conclusion stems from conversations with a diverse array of Newarkers and non-profit entities that participated in a review of the potential need for a guaranteed income pilot. Existing services are conditional, complex, and paternalistic – in short, they do not meet the needs of the most vulnerable Newarkers. A guaranteed income program presents a unique opportunity to tackle the failures of existing programs,

both in the process through which they are designed and their inability to solve for a chronic lack of cash that leaves households living from paycheck to paycheck. This opportunity to address financial vulnerability directly is why Mayor Baraka sought the input of so many Newarkers, as well as research groups and experts in cash transfer policies, for this Task Force. Programs suggested in this document are intended as a template and foundation for what can be a transformational policy for Newarkers and a model for the rest of the country: a guaranteed income.



APPENDIX

To build evidence for policies and programs that provide a guaranteed income and stabilize Newarkers in other ways, a strong learning program is required. The Task Force recommends that implementation decisions be guided and informed by data and that both an implementation and impact evaluation be conducted during the pilot. To determine moderate-term impacts and the success of implementation, the evaluation should continue for one year after the end of the pilot.

This appendix provides an overview of key components of the learning program and suggests how data should be used to inform decisions. The specific program design decisions and budget will determine the size and scope of the evaluation. With its focus on populations affected by housing insecurity, a Newark pilot program would be poised to contribute to the national and international discussion of guaranteed income.

As decisions are made, the Task Force recommends that Newark takes precautions to ensure that participants are not harmed by the receipt of these resources. In the ongoing Stockton, California pilot, for example, highly skilled resource specialists work with potential participants to clarify what it means to their current employment and income eligibility for state and federal income support programs such as housing, WIC, SNAP, or child care subsidies.

Program Design: While the Task Force made specific recommendations regarding **Community-Engaged Design and Evaluation, Identifying Participants, Identifying an Administrative Entity, and Identifying Complementary Design Elements** previously described, we did not presuppose what an optimal guaranteed income policy would look like in Newark. Thus, a pilot offers the opportunity to test features to determine which do the most good for participants. Two examples are variations in disbursement amounts and frequency. Regarding amounts, more money is always better but only up to a point. If a cash transfer program, for example, could produce 80 percent of the impact with 50 percent of the transfer amount, policymakers might want to reallocate dollars to other worthy programs. Regarding disbursement frequency, small monthly disbursements may generate very different patterns of consumption, savings, and debt than a single large lump sum transfer. The research literature is so far unclear on which is best and for whom.

A study in Newark could thus contribute substantially to the literature through comparison of the impacts of different cash transfer policies, not simply through comparison with a “no benefit/status quo” condition.

Evaluation Methodology: Evaluative studies often have a “control” or “comparison” group that receives no additional services/support so that outcomes for the program group(s) can be compared against the status quo. But such measures are not strictly necessary. An evaluation might simply compare different programs or program variations against each other as noted in the “program design” section above.

When discussing pilot research, observers tend to think of RCTs (randomized control trials), which are experiments in which participants are randomly assigned to participate in (or not) a program. RCTs are the gold standard in generating evidence, but they are not always feasible or ethical. There are other methodologies, called “quasi-experimental,” that can offer similarly strong evidence but that rely on circumstances and data that might not be present. There is, however, a wealth of non-profit service-providers in Newark that augment the existing federal, state and municipal safety net programs. Collectively they may be able to provide both the “sites” and the administrative data necessary to identify and track comparison groups or contribute to a synthetic comparison group. Therefore, should an RCT not be practical there may be other viable designs.

Sample size:

Rigorous evaluations require adequate statistical precision (the ability to confidently conclude that an outcome improved based on the change or changes made to what residents usually experience). Precision is a function of both the evaluation methodology chosen and the number of participants (e.g. the “sample size”).

The sample size needed depends on the size of the expected impacts: the smaller the expected impact the larger the sample size needs to be to reliably detect change. That may, in turn, depend on the sample composition. For example, if one wants to study effects of a guaranteed income on criminal recidivism but only have a small number of ex-offenders in the evaluation, one will be unlikely to draw conclusions about the effect of the program on ex-offenders. That would be true for other potential comparisons as well (e.g. outcomes for women vs men).

The sample size necessary to detect impacts overall is important but so is the ability to detect subgroup differences (for example, comparing a 50/50 split such as between men and women). An overall sample size may range from ~1000 for a simple 50/50 RCT exploring impacts on a composite population to 5,000+ to looking at subgroup differential impacts by, for example, race or to employ a quasi-experimental methodology.

Outcomes of interest:

Previous studies inform expectations for potential impacts of various cash transfers on labor supply (modest decreases in total hours worked) and on the purchase and consumption of “temptation goods” like tobacco/alcohol/lottery tickets (no impact). For most other outcomes including education, physical and mental health, housing persistence, household composition, and criminal justice involvement, there is much more limited evidence. Researchers generally know whether there were positive or negative impacts but do not have precise estimates of their size. And even in cases where we have relatively precise estimates we may not be able to confidently generalize those findings to a US context given that the associated studies were conducted in rural areas in developing economies. So there are a fair number of outcomes/ outcome domains for which a US pilot could contribute findings. Which to investigate depends in part on which populations the evaluation focuses on and what types of data are available. See appendix table 1 for an example “logic model” describing potential outcomes of interest for a Newark pilot and the pathways through which a guaranteed income can affect change.

Data Sources:

Evaluators draw from several data sources to identify and track program and control/comparison groups, calculate program impacts, and understand how the program was implemented and any challenges that would have to be addressed to bring it to scale.

Administrative data including public benefits, unemployment insurance records, income tax, use of child care subsidy, and criminal justice records should be collected and analyzed as part of evaluation of the Newark pilot. The specific records required will depend on the targeted [CK6] populations and outcomes on interest.

Though expensive and time-consuming, surveys of participants are necessary to study a host of outcomes that are not captured in administrative records or that require extensive probing to understand. A study of a guaranteed income pilot that relies entirely on administrative data will be limited in the impacts it can explore; an ideal evaluation plan would include budgeting for at least one survey wave.

Focus groups and surveys of program staff including case managers and administrators can help researchers understand any difficulties that arise during the rollout of the program, including weakness in program architecture (e.g. disbursement or direct deposit) that should be addressed in a future policy.

Finally, in-depth interviews with study participants including both those who do and do not receive disbursements can provide a richer understanding of the myriad ways the program may affect spending and savings behavior, family and community relationships, outlook, and other outcomes that are difficult to capture through other methods. They may also reveal areas for improvement in making a guaranteed income program as efficient and convenient as possible. What researchers find through in-depth dialogue with participants will be crucial to understanding how best to design both policy and the infrastructure to support it.

Implementation analysis:

As noted above, the data researchers collect during the evaluation of a pilot can help them identify challenges in program rollout and functioning and ultimately lead to better policy. During the pilot, researchers should monitor staff and participants for continuous improvement. After the pilot, the findings can help governments craft better policy and ensure that the necessary infrastructure from outreach, disbursement, and support is in place. Many promising programs fail at the implementation phase – not because of a flawed design, but because of operational challenges. It is therefore imperative that a study of a Newark guaranteed income pilot include a robust implementation analysis.

Pilot length and follow-up:

Two additional considerations for the pilot and research center on the length of the program (i.e. for how long will disbursements be offered?) and of follow-up (i.e. how long after the pilot ends will researchers continue to track participants?). In abstract, a pilot should resemble as closely as possible the potential policy. Guaranteed income policies are, however, meant to provide indefinite cash support to participants. Since that is not possible, the Newark pilot should be designed to be as long as it is feasible. Intuitively, participants may respond differently to a program if the end is in sight than if they can count on the program for the foreseeable future.

Perhaps the most well-known current study of guaranteed income, the Stockton Economic Empowerment Demonstration (SEED), includes 18 months of disbursement. The Newark pilot should aim for at least this time frame and exceed it if possible.
















A long follow-up period after the program has ended is important to determine whether impacts observed during the pilot period persist and to look for the emergence of new impacts. For example, the effects of cash assistance on a young child within a recipient household may manifest years later in better educational and health outcomes. A decision on very long-term follow-up need not be made here and it should be contingent on promising findings in the interim, but a Newark pilot should be designed to include at least a one year post-pilot follow-up to ensure that researchers can capture short- to medium-term impacts.



STUDY COST

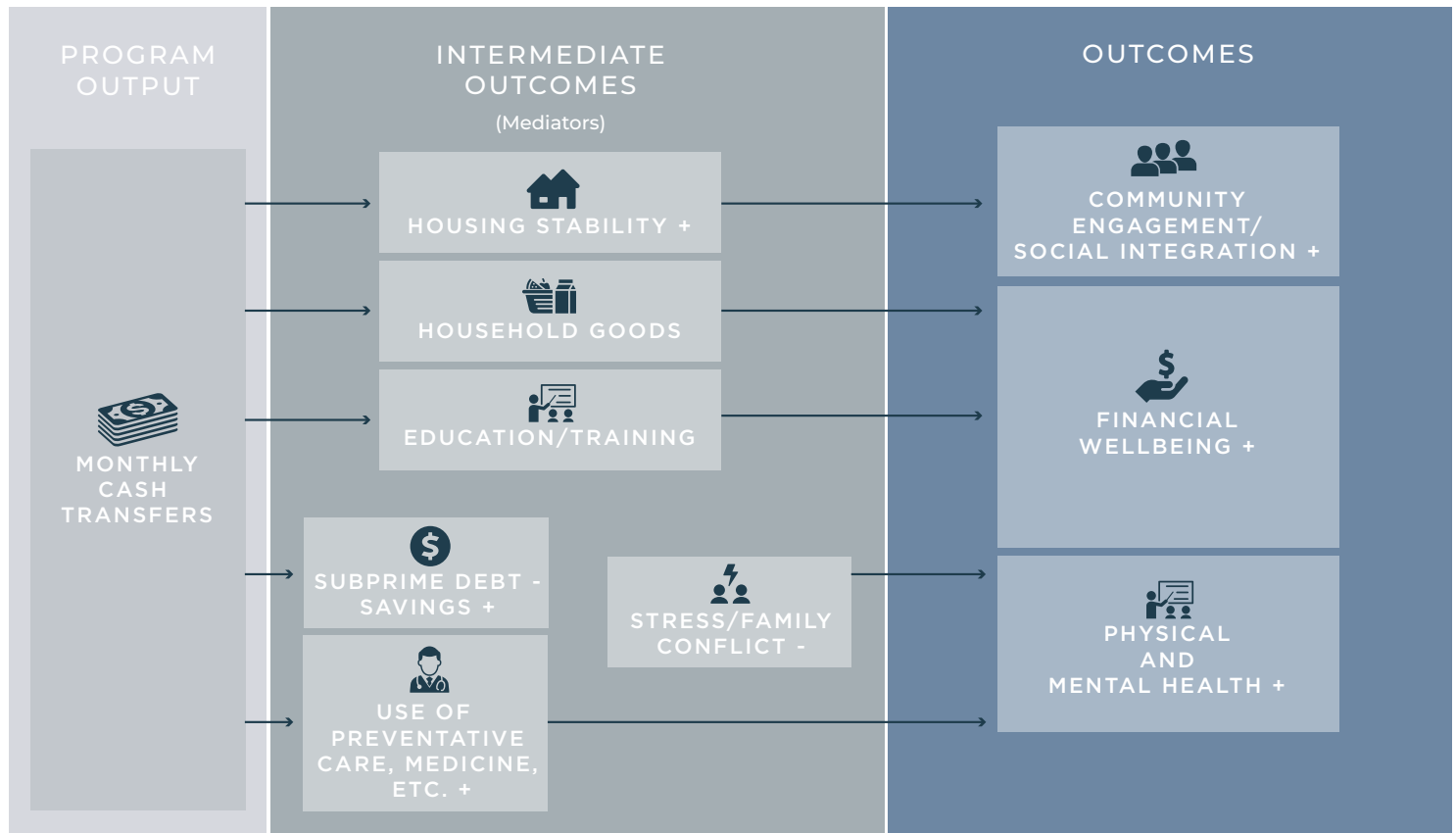
A complete study design is outside the scope of this report. However, the Task Force has provided, as examples, the following cost estimates for three hypothetical pilots (study costs inclusive) at different price points. The estimates given are meant to be conservative, so it is possible that a pilot with given features might cost less. For the estimates, the Task Force assumes that a

survey wave with an 80 percent response rate will require a cost of roughly \$1000 per complete. Each estimate includes 20 percent overhead, which is meant to simulate the costs of outreach and recruitment, data access, impact reports and assorted incidental costs that arise during piloting and research.

PILOT STUDY 1	PILOT STUDY 2	PILOT STUDY 3
 <p>500 participants randomly assigned to receive either \$250/month or \$500/month for 18-months (50/50)</p>	 <p>1000 participants randomly assigned to receive either \$500/month or no cash benefit for 18 months (50/50).</p>	 <p>1000 participants randomly assigned to receive 9,000 dollars lump sum or \$500/month for 18 months</p>
 <p>Disbursement: 250 program A group members x 250 dollars x 18 months: \$1,125,000</p> <p>Disbursement: 250 program B group members x 500 dollars x 18 months: \$2,250,000</p>	 <p>Disbursement: 500 program group members x 500 dollars x 18 months: \$4,500,000</p>	 <p>Disbursement: 1000 participants receiving 9,000 dollars over 18 months: \$9,000,000</p>
 <p>1 endline survey at 80 percent response rate: \$400,000</p>	 <p>1 endline survey at 80 percent response rate: \$800,000</p>	 <p>1 endline survey at 80 percent response rate: \$800,000</p>
 <p>Qualitative research including interviews with staff and participants: \$50,000</p>	 <p>Qualitative research including interviews with staff and participants: \$100,000</p>	 <p>Qualitative research including interviews with staff and participants: \$100,000</p>
 <p>Overhead: 20%</p>	 <p>Overhead: 20%</p>	 <p>Overhead: 20%</p>
 <p>Total: \$4,590,000</p>	 <p>Total: \$6,480,000</p>	 <p>Total: 11,880,000</p>

LOGIC MODEL

NEWARK



END NOTES

- 1 https://www.dropbox.com/s/h3huycfbak512t2/18_UW_ALICE_Report_NJ_Update_10.19.18_Lowres.pdf?dl=0
- 2 https://acnj.org/downloads/2019_03_28_newark_kids_count_2019_s2_family_economic_security.pdf
- 3 https://www.urban.org/sites/default/files/publication/79776/2000747-thriving-residents-thriving-cities-family-financial-security-matters-for-cities_0.pdf
- 4 https://prosperitynow.org/sites/default/files/resources/RWD_NEWARK_Profile.pdf
- 5 Bhattacharya J, DeLeire T, Haider S, Currie J. Heat or eat? Cold-weather shocks and nutrition in poor American families. *Am J Public Health*. 2003;93(7):1149–1154. doi:10.2105/ajph.93.7.1149
- 6 <https://www.demos.org/publication/plastic-safety-net-2009-how-households-are-coping-fragile-economy>
- 7 <https://apps.urban.org/features/city-financial-health/city.html?city=newark-nj>
- 8 https://www.urban.org/sites/default/files/publication/79776/2000747-thriving-residents-thriving-cities-family-financial-security-matters-for-cities_0.pdf
- 9 <https://www.vox.com/future-perfect/2020/2/19/21112570/universal-basic-income-ubi-map>
- 10 <https://www.nap.edu/download/25246>
- 11 <https://www.newarknj.gov/news/newark-forward-report>
- 12 Names throughout have been changed to protect the privacy of the individual.
- 13 https://www.cbpp.org/sites/default/files/atoms/files/tanf_trends_nj.pdf
- 14 <https://www.eitc.irs.gov/eitc-central/participation-rate/eitc-participation-rate-by-states>
- 15 <https://fns-prod.azureedge.net/sites/default/files/resource-files/Reaching2016.pdf>
- 16 <https://www.eitc.irs.gov/eitc-central/about-eitc/about-eitc>
<https://www.cbpp.org/research/policy-basics-the-supplemental-nutrition-assistance-program-snap>
<https://www.fns.usda.gov/wic/wic-2016-eligibility-and-coverage-rates#Chart4>
<https://www.cbpp.org/research/family-income-support/tanf-reaching-few-poor-families>
<https://www.kff.org/state-category/medicaid-chip/medicaid-and-chip-participation-rates/>
- 17 Livia Gershon, “Why Welfare Reform Didn’t End Welfare Stigma,” August 4, 2016, JSTOR Daily, <http://daily.jstor.org/why-welfare-reform-didnt-end-welfare-stigma/>.
- 18 https://www.njisj.org/the_new_jersey_institute_for_social_justice_releases_a_new_report_that_seeks_to_bridge_dr_king_s_two_americas
- 19 https://www.njisj.org/the_new_jersey_institute_for_social_justice_releases_a_new_report_that_seeks_to_bridge_dr_king_s_two_americas
- 20 https://www.brookings.edu/wp-content/uploads/2016/06/20030801_Waller.pdf
- 21 https://www.taxpolicycenter.org/sites/default/files/publication/157275/redesigning_the_eitc.pdf
- 22 <https://www.cbpp.org/research/federal-tax/policy-basics-the-child-tax-credit>
- 23 Jasmine Tucker & Kayla Patrick, Nat’l Women’s Law Ctr., *Low-Wage Jobs Are Women’s Jobs: The Overrepresentation of Women in Low-Wage Work* (2017),
<https://nwlc.org/resources/low-wage-jobs-are-womens-jobs-the-overrepresentation-of-women-in-low-wage-work/>
<https://www.bloomberg.com/news/articles/2018-12-06/powell-says-u-s-labor-market-very-strong-by-many-measures>
https://www.bls.gov/web/empsit/cpsee_e16.htm

END NOTES

- 24 https://static1.squarespace.com/static/5743308460b5e922a25a6dc7/t/5cda0024be4e5b0001c6bdc7/1557790757313/Poverty+%26+Social+Policy+Brief_Who+Is+Left+Behind+in+the+Federal+CTC.pdf
- 25 <https://www.fns.usda.gov/snap/fr-120419>
- 26 <https://www.washingtonpost.com/business/2019/12/04/trump-administration-tightens-work-requirements-snap-which-could-cut-hundreds-thousands-food-stamps/>
- 27 <https://www.kff.org/medicaid/issue-brief/medicaid-waiver-tracker-approved-and-pending-section-1115-waivers-by-state/#Table2>
- 28 <https://www.medicaid.gov/federal-policy-guidance/downloads/smd18002.pdf>
- 29 <https://www.vox.com/policy-and-politics/2018/12/18/18146261/arkansas-medicaid-work-requirements-enrollment>
- 30 Marianne Bertrand, Sendhil Mullainathan, and Eldar Shafir, "Behavioral Economics and Marketing in Aids of Decision-Making among the Poor," *Journal of Public Policy and Marketing* 25 no. 1 (2006): 8-23.
- 31 Lipsky, *Bureaucratic Disentitlement*, p. 7.
- 32 Brodtkin and Majmundar, *Administrative Exclusion*.
- 33 <https://www.irs.gov/pub/irs-pdf/p596.pdf>
- 34 Author's calculations using data from the Brookings Institution's interactive EITC database.
- 35 https://www.progressivepolicy.org/wp-content/uploads/2016/04/2016.04-Weinstein_Patten_The-Price-of-Paying-Takes-II.pdf
- 36 https://assets.aspeninstitute.org/content/uploads/2020/04/Cash-Infusions_ReviewofEvidence.pdf
- 37 Janet Currie and Firouz Gahvari, "Why In-Kind Benefits?," Center for Economic Policy Research, <http://voxeu.org/article/why-kind-benefits>; Janet Currie and Firouz Gahvari, "Transfers in cash and in-kind: Theory meets the data," Working Paper No. 13557 (National Bureau of Economic Research, 2007).
- 38 Edward Glaeser, "Cash Better Than Food Stamps in Helping Poor: Glaeser," *Bloomberg View*, February 27, 2012, <https://www.bloomberg.com/view/articles/2012-02-28/cash-better-than-food-stamps-in-helping-poor-commentary-by-edward-glaeser>.
- 39 <https://www.cbpp.org/research/family-income-support/states-should-invest-more-of-their-tanf-dollars-in-basic-assistance>
- 40 "No money no love," *The Economist*, August 20, 2016, <https://www.economist.com/news/united-states/21705386-row-over-bill-clintons-landmark-welfare-reform-highlights-how-much-deprivation-survived>; Kathryn J. Edin and H. Luke Schaefer, *\$2.00 a Day: Living on Almost Nothing in America* (Boston: Houghton Mifflin Harcourt, 2015)
- 41 <https://www.cbpp.org/research/family-income-support/tanf-reaching-few-poor-families>
- 42 Heather Hahn, Laudan Y. Aron, Cary Lou, Eleanor Pratt, and Adaeze Okoli, "Why Does Cash Welfare Depend on Where You Live: How and Why State TANF Programs Vary," Urban Institute, June 5, 2017, <http://www.urban.org/research/publication/why-does-cash-welfare-depend-where-you-live>.
- 43 Zachary Parolin, Temporary Assistance for Needy Families and the Black-White child poverty gap in the United States, *Socio-Economic Review*, 2019
- 44 See, e.g., Kathleen Moore, "Food stamp fraud: Some recipients used cash to pay for rent, power and toilet paper," *The Daily Gazette*, August 3, 2013, http://www.dailygazette.com/news/2013/aug/03/0804_foodstamps/
- Bryce Covert, "Why Is It So Controversial to Help Poor Mothers Afford Diapers?," *The Nation*, August 13, 2014, <https://www.thenation.com/article/why-it-so-controversial-help-poor-mothers-afford-diapers/>
- Kaaryn Gustafson, "The Criminalization of Poverty," *Journal of Criminal Law & Criminology* 99, no. 3 (Spring 2009): 643.

END NOTES

- 45 Ibid., 1850-1851; Felicia Kornbluh, *The Battle for Welfare Rights: Politics and Poverty in Modern America* (Philadelphia, Pennsylvania: University of Pennsylvania Press, 2007), 96-100, 142-144.
- 46 Aleta Sprague, Kalena Thomhave, and Rachel Black, "Inclusion by Design: A New Vision of U.S. Welfare Policy," *New America*, September 23, 2016, p. 15,
https://na-production.s3.amazonaws.com/documents/Inclusion_by_Design.pdf.
- 47 <https://law.rutgers.edu/sites/law/files/CLiME%20Report%202018.pdf>
- 48 Newark Asset Building Coalition (2019). "Newark Free Tax Prep: Tax Year 2018."
- 49 <https://www.amazon.com/Scarcity-Having-Little-Means-Much-ebook/dp/B00BMKOO6S>
- 50 <https://www.npr.org/news/specials/housingfirst/whoneeds/abuse.html>
- 51 Goodman, S. (2018). *The Difference Between Surviving and Not Surviving: Public Benefits Programs and Domestic and Sexual Violence Victims' Economic Security*.
- 52 https://www.urban.org/sites/default/files/publication/79776/2000747-thriving-residents-thriving-cities-family-financial-security-matters-for-cities_0.pdf
- 53 Lab for Economic Opportunities. "Emergency Assistance Prevents Homelessness." LEO Policy Brief, Housing and Homelessness, vol. 2. August 2016.
https://leo.nd.edu/assets/293962/hpcc_policy_brief1_final.pdf.
- 54 https://www.taxpolicycenter.org/sites/default/files/publication/157275/redesigning_the_eitc.pdf
- 55 https://economicinclusion.gov/downloads/2017_FDIC_Unbanked_HH_Survey_Report.pdf
- 56 Ibid.
- 57 Barbara Ehrenreich, *Nickel And Dimed: On (Not) Getting By In America* (New York: Henry Holt & Co., 2001).
- 58 <https://www.nytimes.com/2015/10/11/books/review/how-the-other-half-banks-by-mehrsa-baradaran.html?smid=fb-nytbooks&smtyp=cur&fbclid=IwAR3qcB8wqlcK-yQ1B7708cz9bHV8RQ7EYQYZbh1J6yH8x7c7pDsFS2QwEG0>
- 59 <https://finance.yahoo.com/news/minorities-pay-more-to-bank-than-whites-report-161950159.html>
- 60 <https://www.clasp.org/sites/default/files/public/resources-and-publications/publication-1/TANF-Payment-Cards.pdf>
- 61 <https://www.audible.com/about/newsroom/mayor-baraka-joins-audible-to-celebrate-30-000-lunch-out-wednesday-visits>
- 62 https://www.brennancenter.org/sites/default/files/2019-11/2019_10_Fees%26Fines_Final5.pdf
- 63 https://www.usmayors.org/wp-content/uploads/2020/02/USCM-ASPEN-Fines-and-Fees-Brief-FINAL_FSP-edits-1.pdf