

SYSTEMIC CHALLENGES TO IMPLEMENTING UNIVERSAL BASIC INCOME

OVERVIEW

A growing body of evidence shows that implementing universal basic income (UBI), or guaranteed income programs, would create a public assistance system that more effectively promotes food security, improves health outcomes, and creates long-term financial stability. However, executing this type of program on a larger scale outside of pilots has been difficult, due to an issue known as the “benefits cliff effect.” The risk of participants losing Social Security Administration (SSA) assistance such as Social Security Disability Insurance (SSDI) or Supplemental Security Income (SSI), as well as the Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), Medicaid, and housing assistance has been a major barrier in implementing UBI. These benefits are incredibly difficult to get in the first place due to strict eligibility requirements, and loss of benefits can have detrimental impacts for program participants.¹ This policy brief provides a framework through which cities and states can understand public assistance programs and recommendations to execute UBI or guaranteed pilot programs to better support families.

BACKGROUND

Public Assistance

The public assistance system in the United States is fraught with red tape that prevents people from receiving much-needed aid. Public assistance programs have historically been inadequate to support families in meeting their basic needs, leaving many food-insecure.² Means-tested public assistance programs—such as SNAP, TANF, and Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)—have different eligibility criteria and rules of participation and require a great deal of paperwork. These create significant time and administrative burden for both program recipients and the state and federal government agencies administering the programs.

Furthermore, TANF benefits vary significantly from state to state and are at or below 50% of the federal poverty line in every state.³ Participants of the SNAP program have said that the level of benefits is not enough to support a nutritious diet for families, and benefits can be extremely difficult to obtain.⁴ Due in part to the work of the [SNAP Participants Collaborative](#) and Center for Hunger-Free Communities, in 2021 the U.S. Department of Agriculture raised the SNAP benefit allotment by 21 percent for the first time since 1975.⁵

Universal Basic Income

Universal basic income has been shown to promote overall health and well-being, with participating families reporting higher rates of food security, improved mental health, and increased ability to pay bills.^{6,7,8} (For more information on the case for UBI, see the Center for Hunger-Free Communities’ report [“Universal Basic Income: Key to Reducing Food Insecurity and Improving Health,” February 2021](#)) The recent child tax credit, which functioned similarly to guaranteed income programs, proved to be effective in decreasing childhood poverty, reducing food insecurity, and allowing families to access basic necessities.^{9,10}

To prove the efficacy of programs such as UBI or guaranteed income in promoting food security and helping families move out of poverty, organizations such as the Mayors for Guaranteed Income and University of Pennsylvania’s Center for Guaranteed Income Research have launched pilot programs.¹¹ However, one of the major barriers to implementing these pilot programs is the risk of participants losing benefits from the Social Security Administration (SSA), as well as SNAP, TANF, Medicaid, and housing assistance.

KEY TERMS AND DEFINITIONS

- **Benefits Cliff:** A sudden loss of income or public assistance caused by an increase in income.
- **Guaranteed Income:** A government program of ongoing, unrestricted direct cash transfers to individuals or households. A guaranteed income may or may not meet basic needs or be targeted to specific populations.
- **Means Testing:** An evaluation determining whether a person or household is eligible for a payment or public assistance that is based on the person or family’s income and assets.
- **Universal Basic Income (UBI):** A government program to ensure a basic standard of living and economic security for every member of a community through monthly, unconditional direct cash transfers with no means testing.

KEY TERMS AND DEFINITIONS

- **Supplementary Security Income (SSI):** SSI is a monthly public assistance program that provides income to people with limited income who are blind, disabled, or aged 65 years or older.
- **Social Security Disability Income (SSDI):** SSDI provides monthly financial assistance to disabled people and their families if they are insured, which occurs after a person works long enough to qualify (typically 10 years) and paid Social Security taxes.

THE BENEFITS CLIFF

The benefits cliff refers to when someone experiences a sudden loss of public assistance because they start making a higher income.¹² Even a small increase in wages can result in benefits such as SNAP or TANF being cut off, which prevents many program participants from building wealth and meeting their own basic needs.¹³ SNAP participants have reported that a loss of benefits causes a collapse in financial well-being, causing increased food insecurity, health care trade-offs, and more precarity.^{14,15}

The negative impact of the benefits cliff is compounded by the immense amount of time, energy, and resources that families spend to get their assistance back once it is lost. This discourages many people from taking on promotions or full-time work. Families who saw even a marginal increase in income lost their SNAP benefits and had difficulty purchasing food for their families.¹⁶

The effects on health are also significant with the benefits cliff. As families use their limited income on food rather than relying on SNAP, there is an increase in health trade-offs (e.g. seeking medical care) as well as increases in depression and mental distress.

The loss of income or public assistance is especially troubling for people with disabilities. One in four SNAP participants has a disability or receives government disability assistance.¹⁷ Because SNAP defines disability status differently than the SSA, disabled people may face barriers to obtaining SNAP.¹⁸ Furthermore, disabled adults are twice as likely as those without a disability to experience poverty, with disabled adults being disproportionately vulnerable to being priced out of housing.¹⁹

SOCIAL SECURITY PROGRAMS

Social security is a public assistance program with nearly universal public support.²⁰ Both SSI and SSDI provide critical financial support to families with limited income or those with disabilities that preclude them from working.²¹ Food insecurity is also an important consideration for SSI and SSDI participants. Households with disabled adults are more likely to experience food insecurity; these households are also more vulnerable to severe food insecurity.²²

Additionally, many low-income non-elderly adults do not qualify for benefits but are still unable to work due to their disability.²³ Guaranteed income programs would exist alongside SSI or SSDI to better support households experiencing deep poverty and food insecurity.

Social security programs are vital for the survival of low-income and/or disabled adults in the U.S. Data show that SSI applicants typically have significant declines in health status prior to receiving assistance, followed by relative stabilization.²⁴ Social security is effective in reducing poverty for children, the elderly, and families, and especially for women and families of color.²⁵

Losing social security assistance can have catastrophic effects on the mental and physical health of families. For example, participation in a universal basic income pilot could increase a family's income and make them ineligible for SSI, which could leave families vulnerable to food insecurity and worsened health.

How is SSI obtained?

SSI is available to eligible adults residing in one of the 50 states or District of Columbia and select lawful permanent residents. Assistance can be applied for online or at SSA offices.

How is SSDI obtained?

Workers who were in jobs covered by social security and meet the strict definition of disability are eligible for assistance. Disabilities that qualify include any ailment that limits an individual's ability to complete work-related activities for at least 12 months.

Why are benefits so difficult to get?

When social security was first implemented in 1965, it was intended to function as supplemental income. Today, more Americans than ever are relying on the program as their primary source of income, leading to limited resources for the program. Furthermore, many first-time applicants for SSDI are denied, due to the strict eligibility requirements and required documentation.

POTENTIAL UBI IMPACT ON PUBLIC ASSISTANCE IN PENNSYLVANIA

PUBLIC ASSISTANCE PROGRAM	ELIGIBILITY REQUIREMENTS	PILOT PROGRAM IMPACT ON ASSISTANCE
Supplementary Security Income (SSI)	Little to no income; possessions valued at less than \$2,000 for individual or \$3,000 for couple	Participation in UBI/guaranteed income pilot could impact SSI eligibility
Social Security Disability Income (SSDI)	Applicant must be a worker or adult child of a worker who cannot work due to disability; disability must have lasted for at least a year and continue for at least a year or lead to applicant's death	SSDI eligibility is based on historic inability to work, and UBI/guaranteed income would not impact SSDI eligibility
Temporary Assistance for Needy Families (TANF)	Applicant must have low income and assets valued at less than \$1,000; income includes unearned gifts	UBI/guaranteed income would impact TANF eligibility and other benefits linked to TANF (e.g. child care and transportation)
Supplemental Nutrition Assistance Program (SNAP)	Applicant must report both earned and unearned income	UBI/guaranteed income would lower monthly SNAP benefit allotment
Medicaid	Individuals can qualify through Modified Adjusted Gross Income (MAGI) requirements or by being elderly, blind, or disabled	MAGI groups not impacted; non-MAGI groups would count UBI/guaranteed income towards eligibility
Section 8 Housing Vouchers	Family income cannot exceed 50% median income in county or metropolitan area	UBI/guaranteed income payment could impact Section 8 eligibility

Adapted from the Pennsylvania Benefits Matrix provided by the Humanity Forward Foundation

UBI AND PUBLIC ASSISTANCE: THE STOCKTON PILOT PROGRAM

As universal basic income gains momentum as an effective and sustainable solution to supporting families' long-term economic security and overall health, pilot programs in cities like Stockton, California, have demonstrated the benefits of guaranteed income.

Researchers of the Stockton Economic Empowerment Demonstration (SEED) had several loss mitigation strategies to run their experiment alongside means-tested public assistance programs, instead of replacing them.²⁶ In the enrollment process, SEED staff addressed households rather than specific people so household members could decide who should participate. SEED also included benefits counseling for potential participants, a cost-analysis sheet outlining how public assistance could be impacted, and ongoing communication with SEED staff.

Researchers also secured a waiver with the San Joaquin County Human Services agency to ensure CalWorks and TANF program participants could participate in SEED without the risk of losing their assistance.²⁷ SSI was still at risk of being impacted, so recipients could decide to participate based on the cost-analysis. In addition, a Hold Harmless Fund was established to ensure that recipients weren't negatively impacted through their participation in the program, replacing the cost of any lost assistance.²⁸

To protect against the loss of assistance, pilot program researchers held discussions with local and federal government officials to explore options such as implementing waivers for guaranteed income payments or disregarding payments when considering eligibility for public assistance programs.

Policy Recommendations

To support the health and well-being of public assistance participants and reduce the administrative burden of these programs while allowing for the effective utilization of universal/guaranteed income programs, we recommend implementing the following policy changes.



Develop a centralized public assistance program with uniform eligibility requirements and safeguards to support low-income families which will provide a sustainable path to food security and financial stability.

With each assistance program having different eligibility requirements, it is time to create a universal public assistance program through which all funding can be administered. While universal basic income would create a sustainable, comprehensive safety net, cash payments should work alongside other public assistance programs for the time being. By creating universal guidelines, public assistance will not only be easier to obtain for those in need, but the significant administrative burden would also be reduced.



Implement a national waiver that ensures universal basic income or guaranteed income pilot program participants do not lose public assistance.

Developing a federal waiver would ensure UBI/guaranteed income program participants do not lose existing public assistance supports, regardless of the city or state in which they live. By incorporating a guideline that prevents assistance like SSI, SNAP, or TANF from being cut off and leaving participants vulnerable to the benefits cliff, participants could take advantage of direct cash payments to feed their families, pay bills, and promote their health.



Create an alternative to the benefits cliff by easing participants off assistance.

Creating a solution that does not cause a steep drop off of assistance programs when participants increase their income will safeguard against precarity and support families in the pursuit of food and economic security. Ideally, funding would be lowered gradually instead of ending abruptly, in proportion with income increases over a period of time, providing participants the opportunity to stabilize their income and move off of public assistance programs permanently.

FOR MORE INFORMATION, CONTACT:

Kasia Kujawski, Dornsife Fellow, at kk3397@drexel.edu

Mariana Chilton, PhD, MPH, Director, at mariana.chilton@drexel.edu

centerforhungerfreecommunities.org

3600 Market Street, 7th Floor, Philadelphia, PA 19104 | Tel: 267.359.6237 | Fax: 267.359.6239
Drexel University Dornsife School of Public Health

The Center for Hunger-Free Communities is a community-engaged research, service, advocacy, and policy center of Drexel University's Dornsife School of Public Health. The Center offers multi-faceted research and action with the goal of developing innovative, empirically-tested solutions to the challenges of hunger and economic insecurity. In partnership with families, researchers, policymakers, and community leaders the Center seeks to find solutions to hunger and poverty based on both science and the human experience.

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