

WHY STATES SHOULD BAN UNIVERSAL BASIC INCOME SCHEMES



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KEY FINDINGS



UNIVERSAL BASIC INCOME PROGRAMS
DISCOURAGE WORK AND
TRAP PEOPLE IN DEPENDENCY.



GUARANTEED INCOME PROGRAMS
ARE COSTING TAXPAYERS MILLIONS.



STATES CAN STOP LOCAL UNIVERSAL
BASIC INCOME PROGRAMS AND **KEEP A**
CULTURE OF WORK IN THEIR STATE.

THE BOTTOM LINE:

UNIVERSAL BASIC INCOME PROGRAMS DISCOURAGE
WORK, ARE A DRAG ON THE ECONOMY, AND
SHOULD BE BANNED BY STATES.

Overview

Across the country, local governments are running universal basic income pilot programs in an effort to further expand the welfare state.¹ Universal basic income provides individuals with recurring cash payments with no strings attached—on top of other welfare benefits.² Unlike some other welfare programs, these payments have no eligibility requirements or limits on how the money may be used.³

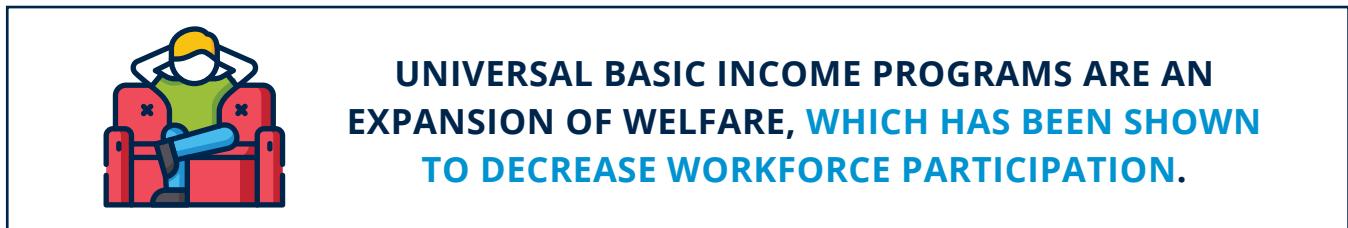
A similar type of program referred to as guaranteed income involves regular cash payments to a targeted or small sample population only.⁴ Some guaranteed income programs are targeted at individuals under certain income levels or residents of a particular city.⁵ But the purpose of guaranteed income programs is to build the case for a truly universal basic income.⁶



Unsurprisingly, universal basic income programs have been proposed by socialist politicians for decades, both in the United States and abroad.⁷ These programs disincentivize work and promote increased dependency on government handouts, at the expense of individual responsibility. There are currently more than 70 active pilot programs, costing taxpayers millions of dollars.⁸ A growing number of states are unwittingly playing host to these socialist experiments and should take immediate action and ban universal basic income.

Universal basic income would stifle the economy and fundamentally destroy the American ideal of self-determination

Universal basic income programs are an expansion of welfare, which has been shown to decrease workforce participation.⁹ By providing generous benefits designed to replace income, universal basic income discourages individuals from working. In a large-scale study of these programs in Seattle and Denver, cash payments caused a reduction in the hours worked.¹⁰



Beyond universal basic income specifically, there is a clear relationship between increased welfare benefits and decreased workforce participation.¹¹ For example, over the last two decades, Medicaid expansion has largely been driven by able-bodied, working-age adults, and workforce participation rates have plummeted as a result.¹² When individuals receive housing assistance, both workforce participation and earnings fall.¹³

Far from reducing poverty, the expansion of welfare traps people in a cycle of government dependency, instead of self-sufficiency and economic advancement.¹⁴ The fact is that most able-bodied adults on welfare do not work at all.¹⁵ Able-bodied adults who are disconnected from the workforce are more socially isolated, more likely to commit crimes, and much more likely to abuse drugs.¹⁶⁻¹⁷

The negative impacts go beyond the individual. The last thing the economy needs is yet another incentive for workers to stay home. Today, there are nearly nine million open jobs.¹⁸ There have been more job openings than unemployed workers to fill them since May of 2021.¹⁹ Unemployment rates have still not recovered from the pandemic, and there are close to 1.7 million Americans missing from the labor force compared to pre-pandemic participation rates.²⁰ Reduced labor force participation stunts economic growth and productivity.²¹ A decline in workforce participation means that there is less economic growth and an increased dependency ratio.²² This means that more people are relying on welfare, fewer people are contributing to tax revenues, and the GDP suffers as a result.²³



During the pandemic, the federal government turned unemployment insurance into a universal basic income-like payment by suspending work search requirements, and expanding payments to more than \$600 per week, creating a long-term, no-strings-attached cash benefit.²⁴ Staying home began paying better than work for millions of Americans, driving a labor shortage.²⁵ Despite the increased payments ending, some sectors of the economy are still struggling to overcome the impact of this no-strings-attached government welfare expansion.²⁶

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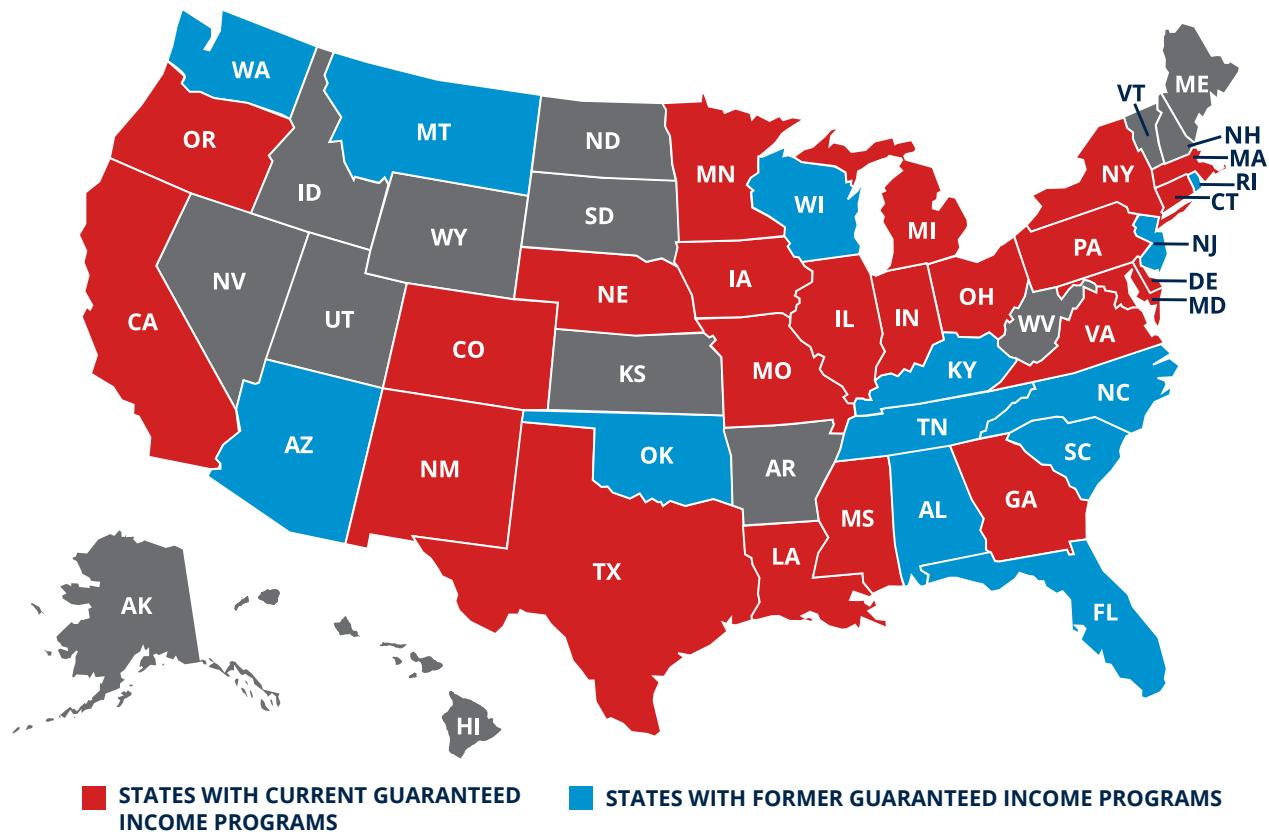


Cities across the country are implementing universal basic income programs

While universal basic income may seem more like an academic exercise than a serious policy proposal, the truth is that local jurisdictions are launching pilot programs across the country to try to build a case for universal welfare.

There have been more than 150 guaranteed income pilot programs across the country, with at least 70 currently active in 24 states.²⁷ Local governments are using tax dollars to implement and support universal basic income programs independently of the state legislature.²⁸ For example, five cities in Texas have piloted guaranteed income programs. Austin used a combination of taxpayer and private dollars to send \$1,000 to a select group of individuals for 12 months.²⁹ In 2023, the Austin City Council voted to approve a second round of the pilot program at a cost of \$1.3 million in the city budget.³⁰ In Louisiana, three cities have run guaranteed income pilot programs, including two in New Orleans.³¹

IS THERE A GUARANTEED INCOME PROGRAM IN YOUR STATE?



Altogether, a conservative estimate of spending on all of these universal basic income pilot programs both active and concluded comes to more than \$2.35 billion.³² This figure includes private spending, as well as taxpayer dollars. 48 percent of the pilot programs have been funded at least partially with taxpayer dollars.³³ Among those that are privately funded, many still use local government agencies and resources to distribute the payments and collect information about program participants.³⁴

Taxpayer or privately funded, the end goal of these pilot programs is the same. These programs exist to provide a justification for a federally funded, nationwide universal basic income program.³⁵ In California, it started with locally run, privately funded pilot programs in communities such as Stockton, which ran one of the nation's first universal basic income pilot programs.³⁶ This and similar programs were leveraged by advocates to create a case for universal basic income as a policy, and in 2021 a \$35 million fund was created in the state budget to support pilot programs.³⁷

In Cambridge, Massachusetts, what started as a privately funded pilot program is being expanded to all residents below the poverty line in the city, and is being funded through federal taxpayer dollars.³⁸

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125 mayors in 34 states and officials in 31 counties have publicly supported pilot programs.³⁹ This list includes the Mayor of St. Louis, who recently announced that \$5 million in federal taxpayer dollars would be used to fund a large universal basic income pilot in Missouri.⁴⁰

Proposals for universal basic income have been made at the federal level as well. In 2020, legislation was introduced that would have given almost every individual, including children, a \$2,000 monthly payment for the duration of the COVID-19 pandemic and three months following.⁴¹ While fortunately not enacted, this legislation would have cost taxpayers \$590 billion each month, for all 42 months of the declared public health emergency, plus an additional three months.⁴² The total cost of this bill would have been almost \$25 trillion.⁴³ Just one year of providing \$2,000 monthly to nearly all Americans would cost more than \$7 trillion.⁴⁴

COST OF ONE YEAR OF UNIVERSAL BASIC INCOME COMPARED TO CURRENT FEDERAL SPENDING

Current annual outlays:

\$6.17 TRILLION

Current outlays plus 2020 proposal:

\$13.8 TRILLION

Source: CBO and estimate of the cost of a national universal basic income

More recently, legislation has been introduced that would require the federal government to provide \$14,400 annually to adults, and \$7,200 to children.⁴⁵ Even this comparatively less extreme proposal puts the cost of a national universal basic income program at more than \$3 trillion each year, and as high as \$40 trillion over 10 years.⁴⁶ Paying for just a single year of universal basic income under this proposal would balloon federal spending to more than \$9 trillion, or require slashing half of current spending.⁴⁷

Even eliminating all existing welfare programs, including food stamps, Medicaid, housing assistance, Temporary Assistance for Needy Families, and more would not come close to covering the cost of universal basic income.⁴⁸

Advocates for these policies do not want to replace welfare, they want to enhance it. The legislation proposed to create a national universal basic income did not include cuts to any existing programs.⁴⁹ In Nebraska, the state legislature even acted to exempt guaranteed income payments from local programs from being included as income for the purpose of calculating eligibility for welfare.⁵⁰

States should ban universal basic income

Cities and local governments are facilitating universal basic income schemes across the country, and the impact of these programs is not confined to the city limits. States should pass legislation to prohibit guaranteed income and universal basic income pilot programs to ensure that their state remains economically strong. In 2023, Arkansas passed legislation to prevent a universal or guaranteed income program from being implemented or supported by local government in the state.⁵¹

Lawmakers can act to stop local governments from carrying out both taxpayer and privately funded programs to protect their state's economy and ensure that work is encouraged. States do not need universal basic income pilot programs to know that the expansion of welfare in their state will hurt local employers, stifle economic growth, and trap people in a cycle of government dependency.

THE BOTTOM LINE: Universal basic income programs discourage work, are a drag on the economy, and should be banned by states.

Guaranteed income programs are being implemented in cities across the country, in red and blue states alike. The stated purpose of these programs, according to those who organize and fund them, is to build the case for universal welfare and government dependency. Universal basic income on a national scale would explode the deficit. It would also disincentivize work, worsen workforce shortages, and wreak economic havoc. States should guard against the explosion of the welfare state by prohibiting guaranteed income and universal basic income programs.



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