

**USING BASIC INCOME TO MEET THE NEEDS OF DC COMMUNITIES**

**Statement of**

**Elaine Maag\***

**Principal Research Associate, Urban Institute**

**before the**

**Committee on Business and Economic Development,**

**Council of the District of Columbia**

**B24-0236 – THE “CHILD WEALTH BUILDING ACT OF 2021” AND  
TAX POLICY PROPOSALS TO BUILD WEALTH EQUITY IN THE  
DISTRICT’S POST COVID-19 ECONOMIC RECOVERY**

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\* The views I express today are my own and should not be attributed to the Urban-Brookings Tax Policy Center or to the Urban Institute, its board, or its funders.

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Chairman McDuffie and other committee members, thank you for inviting me to discuss the possibility of adopting a universal basic income program in the District. My comments will largely be based on lessons we learned from the THRIVE program, an ongoing cash demonstration project primarily in Ward 8. The views I express today are my own and should not be attributed to the Urban-Brookings Tax Policy Center or to the Urban Institute, its board, or its funders.

Universal basic income increases economic security by guaranteeing that every individual has some form of income or resources every month. No single program in the United States accomplishes this. People can avail themselves of a patchwork of programs that provide cash or in-kind benefits, but these programs help select groups of people or cover a defined set of expenses. Many families can fall through the cracks because of program eligibility rules that are confusing or not matched to need.

I will provide a brief description of the THRIVE program, describe problems that District residents face that can be aided by additional cash, and explain how cash transfers can work more effectively than a program-by-program approach. Throughout my remarks, I will provide context gained as a member of the Urban Institute's evaluation team for the THRIVE project in Washington, DC.

## **Description of THRIVE**

The THRIVE project was designed to address the disproportionate economic impact the COVID-19 pandemic was having on very low-income DC residents in Ward 8. It grew out of an existing partnership of four community-based organizations: Bread for the City, the Far Southeast Family Strengthening Collaborative, Martha's Table, and the 11th Street Bridge Park (a project of Building Bridges Across the River). The centerpiece of the collaboration was to deliver \$5,500 to every enrolled household either as one payment or as five monthly payments. The payments began in July 2020 and continue now as new people join the program. The program has provided emergency relief to 467 DC families to date.

## **DC Residents Face Poverty, Food Insecurity, and Housing Instability**

Before the pandemic, residents of Washington, DC, experienced higher than average rates of poverty.<sup>1</sup> Although the overall poverty rate in the US hovered just over 14 percent from 2014 to 2018, the poverty rate in the District was closer to 17 percent. In Ward 8, where the majority of THRIVE participants live, the poverty rate was double that, just over 34 percent.

Research on people living in poverty shows a multitude of worse outcomes relative to people not living in poverty. And this is especially true for children: relative to children in higher-income families, children experiencing poverty see negative effects on early brain development, reduced educational attainment, and lower paying jobs as adults.

Having more cash can promote child development both because of the goods and services that parents can buy and because it can reduce stressful environments.<sup>2</sup> Indeed, when the COVID-19 pandemic shut down schools and indoor activities, a number of THRIVE participants reported

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<sup>1</sup> Urban Institute analysis of American Community Survey 5-year data from 2014 to 2018.

<sup>2</sup> National Academies of Sciences, Engineering, and Medicine "A Roadmap to Reducing Child Poverty" (Washington, DC: National Academies Press, 2019).

spending the money they received from THRIVE on toys and activities to keep children engaged at home.

Before the pandemic hit the US, food insecurity (a term that refers to a lack of consistent access to enough food for an active and healthy life) had been falling in the District. About 11 percent of DC residents were food insecure, a number that would grow to 16 percent in 2020 as the pandemic's effects intensified. Evidence suggests the problem was even worse in Ward 8 because the District struggled to provide those residents with emergency assistance, and they already had a harder time accessing food.<sup>3</sup> One THRIVE participant told us the THRIVE money was "very helpful for [their] family." They told us, "we try as hard as we can ... [it helped] especially [with] the food every week. It really helped me help out my family."

Being at risk of eviction is also a problem in the District. An analysis of eviction filings from 2014 to 2018 in Washington, DC, showed that about 11 percent of renter households are affected by eviction each year. In Ward 8, that share is closer to 25 percent.<sup>4</sup> Almost 90 percent of THRIVE participants reported renting their homes. People with low incomes who rent are often severely rent burdened and have less in savings to protect themselves from economic shocks, making them vulnerable to eviction.<sup>5</sup>

Two threads tie these and other issues together: (1) they are issues made worse by income volatility, and (2) their core cause is a lack of money. These problems existed before the pandemic, intensified during the pandemic, and will likely continue after the pandemic. As one caseworker told us, "there's just never enough money to cover all the needs."

## **Programmatic Approaches Can Not Keep Up with Needs and Miss People with Needs**

The US safety net relies on a system that targets programs to certain people to cover certain needs. It inevitably leaves out some people who need assistance and fails to cover some needs people have. For example, Supplemental Security Income provides a monthly cash benefit, but to be eligible, applicants must (1) have very low income and (2) be totally or partially blind, have a medical condition that keeps them from working and is expected to last at least one year or result in death, or be age 65 or older. About 13 percent of THRIVE participants receive Supplemental Security Income.

Supplemental Nutrition Assistance Program Benefits (or SNAP, formerly called food stamps) provide a monthly stipend but can only be spent on some types of food. About 73 percent of THRIVE participants receive SNAP. However, as the Urban Institute's Elaine Waxman has noted "the maximum SNAP benefit fails to cover the cost of a low-income meal in 99 percent of US counties."<sup>6</sup>

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<sup>3</sup> District of Columbia Office of Planning. "Food Access & Food Security in the District of Columbia: Responding to the COVID-19 Public Health Emergency" (Washington, DC: District of Columbia Office of Planning, 2020).

<sup>4</sup> Brian J. McCabe and Eva Rosen, "Eviction in Washington, DC: Racial and Geographic Disparities in Housing Instability." (Washington, DC: Georgetown University, 2020).

<sup>5</sup> Peace Gwam and Peter Tatian, "How Cash Infusions Can Prevent Evictions for Families Most Affected by COVID-19" (Washington, DC: Urban Institute, 2021).

<sup>6</sup> Elaine Waxman, "Many Families Are Struggling to Put Food on the Table. We Have to Do More," *Urban Wire*, May 7, 2020.

Cash is a no-strings-attached way to provide assistance for persistent resource shortages as well as for surprise shortages. THRIVE participants have shared a variety of ways the money was used: putting together the first and last month's rent to move into a new home, purchasing supplies for children, putting food on the table, paying utility bills, and purchasing items that can be used to make more, money such as clippers and other tools for barber school.

## **Lessons from the Study and Possibility for Improvement**

Needs in some parts of the District are great. Most THRIVE participants took the payment as one lump sum rather than a stream of monthly payments, and preliminary data suggest that payment was needed to cover an expense. That is not surprising, given that almost half of THRIVE participants were behind on rent earlier this spring. **If THRIVE were an ongoing program, monthly benefits might be able to prevent people from getting behind on regular bills.**

In some cases, people chose a single larger payment because of how cash interacts with benefits they might be receiving. Although a single payment might cause them to lose eligibility for other programs in one month, it wouldn't risk being considered a recurring income source and causing them to lose more benefits.

But they sometimes also needed to spend the money quickly to avoid asset tests for some programs. **The DC government may be in a position to waive eligibility requirements that would allow recipients to not have to worry about benefit loss.**

We have spent decades trying to address the problems come with having low incomes. The programming approach we have taken has left too many people behind. By expanding THRIVE or programs like it, the District could provide new opportunities for many. I appreciate your time today and giving me the opportunity to talk about universal basic income and THRIVE.