Economic Opportunity Initiative

EXECUTIVE SUMMARY

Working families want to be paid enough to afford the basics without struggle, provide for their kids and save and invest in their futures. In Multnomah County, we are testing a new approach which could pave the way to economic opportunity through cash transfers for working families with low incomes.

People living in poverty face system and organizational barriers that make it difficult to make ends meet. Living in poverty is unforgiving, leaving no room for error. Many of the negative effects of poverty stem from unanticipated shocks in a family's life or the lack of financial wiggle room to enhance one's life.

Cash transfers can help bring families balance and freedom. Families are recognized as the experts in their own lives. We can clear the way to accessing resources and encourage positive social support to engage and expand families' options. The Economic Opportunity Initiative (EOI) invested in working people with children by giving them cash to stabilize their families and tracked the results, with the goal of increasing the assets available to parents so that they can support their children's academic success. Longitudinal research of Earned Income Tax Credit (EITC) payments, demonstrates that small amounts of cash available to families increases academic success for children. This cash transfer is modeled after the EITC.

THE CHALLENGE

In the effort to reduce poverty in the US, direct subsidy transfers are a common safety net approach. Traditionally, such programs often offer in-kind transfers, such as SNAP, medical care, and housing vouchers. In recent years, cash transfers have garnered attention as a potential alternative poverty alleviation strategy. However, the majority of these transfers are conditional and occur in developing countries. Truly unconditional cash transfers are less common and less well understood, both in terms of their impacts, and in terms of how their design affects impacts across populations and generations. Unconditional cash transfer approaches acknowledge that a person's capacity to cope with and recover from economic insecurity depends on an adequate cushion of time, money, attention, and other critical resources and strategies that are tailored to each situation.

ROUGHLY HALF OF THE U.S. EXPERIENCES POVERTY BY AGE OF 65, AND HALF OF THE PEOPLE WHO LEAVE POVERTY WILL BECOME POOR AGAIN WITHIN 5 YEARS.

Research on the EITC demonstrates that cash transfers provide an effective method to support working families leaving poverty and increases the likelihood that children in the family will complete high school or earn a GED.

FUNDING

In FY 2016 and 2017, the Board of County Commissioners invested in a basic income pilot to test the impact of an unconditional cash transfer (UCT) in moving families out of poverty, investing a total of 375,000 over the two fiscal years.

PARTNERS

CASH OREGON
A return on hope

Innovative Changes

+ 160 community participants in the UCT pilot design and implementation.

INCOME GETS YOU BY; ASSETS GET YOU AHEAD

STRATEGIES

REPAIRS   DEBT

TRANSPORTATION   HOUSING

DECISION MAKER

72% of those who received the cash transfer indicated an increase in financial well being scores compared to 53% of non recipients.

The EOI test project is designed to identify and evaluate the effects of unconditional cash transfers (UCT) of $1,000 on fiscal, cognitive, and emotional outcomes for families living in poverty with at least one child five years or younger. The project is based on research underscoring that families living in poverty succeed when they have fewer barriers, more options, and can access resources and positive social support to engage and expand their options.

The test recognizes participants as the experts in their own lives because research demonstrates that people are highly motivated when they can choose their own path and to learn, grow and thrive. The hypothesis of this project is that an unconditional cash transfer of $1,000 over and above an EITC allocation will increase financial well-being and enhance a sense of hope within a three-month period.

RESULTS

Findings indicate that access to services, combined with UCT, creates an effective strategy that allows families to not only survive immediate crisis, but positions them on a path to financial stability. Survey results demonstrated that the $1,000 UCT positively impacted financial well-being, above and beyond the EITC refund amounts.

In-depth interviews and survey results indicated UCTs were used to meet needs that services could not address.

- 11% of households purchased cars or fixed their cars in order to have reliable transportation to work, resulting in new employment opportunities or maintaining existing jobs

- 20% of families used the UCT to pay off debt that they incurred meeting basic needs in the past, freeing up their current income to better meet basic needs now

- 20% of families used UCT to maintain their housing.

> " I WAS TRYING TO FIGURE OUT HOW TO GET SOME WORK HERE BECAUSE I HAD A JOB WITH A CONSTRUCTION COMPANY, BUT I DIDN'T HAVE ALL THE GEAR THAT I NEEDED OR MY GLASSES TO EVEN TRY TO FILL OUT A JOB INTERVIEW, OR JOB APPLICATION AT ALL. I WENT AND GOT MY GLASSES AND GOT SOME TOOLS TO START WORKING.

LOOKING FORWARD

Research points to asset building tools such as unconditional cash transfers (UCT) and savings accounts for babies born at different wealth positions (baby bonds) as having a potential benefit similar to that of Earned Income Tax Credit (EITC) - a proven and effective way to support working families leaving poverty. Given the importance of intergenerational transfers of wealth and past and present barriers preventing African American wealth accumulation, private action and market forces alone cannot remove unjust racial wealth barriers—public sector intervention is necessary. Future tests will, through MSI Enhanced, address the need for improved service outcomes and coordination across multiple sectors including public health and economic opportunity services. By connecting public health programs and clients with human service programs and resources such as housing assistance and income supports, existing county systems are leveraged and public investments are utilized to ensure upstream supports are available across the life cycle.

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EVERY PERSON AT EVERY STAGE IN LIFE SHOULD HAVE EQUITABLE OPPORTUNITIES TO THRIVE. - DCHS NORTH STAR