



**CHICAGO** RESILIENT FAMILIES TASK FORCE REPORT

**BIG SHOULDERS,  
BOLD SOLUTIONS:  
ECONOMIC  
SECURITY FOR  
CHICAGOANS**



FEBRUARY 2019





# FIRST THANK YOU

TO ALL WHO TOOK PART

## CHICAGO RESILIENT FAMILIES INITIATIVE TASK FORCE

Special thanks to the Mayor's Office for creating and supporting this task force and to the nearly 30 task force members and their designees, who gave not only of their time but demonstrated a willingness to dive in to learn, assess, and push our city to look at bold new supports for Chicagoans.

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## COMMITTEE SUPPORT

Support from the following people and organizations was key for helping the task force learn and accomplish so much in such a short period of time; they pulled in experts, pushed out timely communications, presented critical information, and coordinated all the moving parts.

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Chicago Housing Authority: Mary Howard

Economic Security Project: Sachin Chheda, Natalie Foster, Chris Hughes, Taylor Jo Isenberg, Adam Ruben, Andy Stern, Dorian Warren

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Jain Family Institute: Lauren Burns-Coady, Sidhya Balakrishnan, Michael Stynes, Kapu Rao, Daniel K Hertz

Stockton California SEED Demonstration: Mayor Michael Tubbs

University of Chicago: Daniel Hemel, Damon Jones, Constantine Yannelis

Community Members: 20 community members who took time from their busy lives to share their experiences and ideas about increasing income and resiliency.

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# LETTER FROM THE CO-CHAIRS

*“IF WE ARE GOING TO TAKE A RISK ON SOMETHING THE  
STATUS QUO HAS TO BE PRETTY UNTENABLE.”*  
**STOCKTON, CALIFORNIA MAYOR MICHAEL TUBBS**

Dear Chicagoans,

Chicago is in so many ways a thriving global city. But far too many of us face the daily reality of financial insecurity caused by jobs that don't pay enough to live on, that have unstable hours, and that don't provide benefits that many in the workforce a generation ago enjoyed. Both as a city and as a people, economic resilience in the face of change is critical to create a thriving metropolis, yet strong forces are pushing us away from this, not towards it: deep racial and gender inequity; steadily widening income inequality; the erosion of the middle class; the rise in contingent work and looming automation of jobs. The result? Work is unreliable and income is precarious for those living in deep poverty and all the way up into the middle class.

In response to these realities, last summer the Chicago City Council passed a resolution to create the Chicago Resilient Families Initiative Task Force to assess and determine the scope of a guaranteed income pilot as well as solutions to modernize the Earned Income Tax Credit. Since then, at the behest of Mayor Emanuel, the task force has met, learned, dug deep and explored different paths to economic security and resiliency for Chicagoans. We sought advice from community residents and national experts who have been engaged deeply in these questions for years.

What did we hear? That people are struggling, despite working, despite tightly budgeting, despite seeking assistance. As one community member described in a listening session, “It's a vicious cycle. Policies are designed for us to fail in certain places, certain communities, and certain demographics. I am a product of these vicious predatory cycles myself, and I have done everything in my power to make sure my daughters

and my neighbors don't have to face these things. But we are still here and still meeting and having these conversations. We need to change these policies that got us here in the first place." The deck is stacked against working people, and without government intervention, it will only get worse.

### **So how can we do this?**

- First, using the tax code, expand and modernize the Earned Income Tax Credit (EITC). A bold city and state EITC would provide more reliable support to more people. The state has an EITC to build on and there are opportunities for the city to explore creation of a city EITC. We should bring more workers into the fold, particularly unpaid caregivers as well as people with middle class incomes and students. We should increase the minimum credit for most recipients to give a more substantive benefit; spread out the payments over the year so the income is predictable; and create an automatic filing option.
- Second, through launching a guaranteed income pilot in Chicago. This will help us learn how government can operate and bring programs like this to scale. The suggested pilot would reach 1,000 Chicagoans with \$1,000 a month. Guaranteed income can have powerful effects: significant reductions in poverty; ability to cover an unexpected emergency; improved school attendance; an increase in savings; and improvements to health and well-being. These are goals every Chicagoan can get behind.
- Third, through exploring a broad suite of policies. There are complementary actions the State of Illinois and City of Chicago can take to increase work stability and economic security, strengthen the safety net, bolster consumer protections, and to increase economic mobility.

Regardless of our job title, education level, race, or neighborhood, we all deserve financial stability. Government must lead in making income more predictable and financial well-being less precarious for Chicagoans. Our city is fertile ground for furthering the nationwide conversation on how this can be done.

Thank you for helping to advance this movement.



**TOM BALANOFF**



**AMEYA PAWAR**



**CELENA ROLDAN**





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## CHICAGOANS' TEMPERATURE CHECK: SQUEEZED, STRETCHED, AND UNSUPPORTED

People with low and middle-incomes are financially savvy in ways that are often underestimated, but despite this are on thin ice financially. Despite doing all the right things, they are caught in a trap that is very hard to escape. Wages are falling behind and jobs are increasingly structured in ways that foster precariousness instead of supporting stability. Further, our safety net supports are inadequate to meet these growing challenges. These hardships, rooted in historical and contemporary structural inequalities, take both a personal toll and a community toll. We are heading towards a new status quo for many Chicagoans that is unacceptable.

Our task force heard directly from Chicagoans struggling to make ends meet. They described working hard, often in multiple jobs, and still not being able to make ends meet. They told us about their dreams and aspirations. Throughout the report you will find quotes and stories from these Chicagoans.

*“It’s just not fair when, yeah, you get a job, but you get a job to “make ends meet” or you don’t have anything left to thrive or change your situation. You just get by, and who wants to just get by all their lives? I’m 25, and I’m already tired of it. There’s people that are double my age and still dealing with situations that I’m dealing with. I don’t want that to be my situation 25 years from now, so I’m trying to figure out how to change circumstances day by day. It’s like you want to change so much about yourself, you want to change so much about your life, you want to change so much for your children.”* **TICHINA**

*“I get \$12.00 An hour. Sometimes it’s two days a week, sometimes it’s five days a week if I get lucky. So my monthly base income is not stable. So I can say, “oh I make this much a month.’ It’s anywhere between \$800 to \$1300 a month. I have to pay \$500 for rent, I have to pay a light bill, I have to pay daycare fees, I have to pay my phone bill, because my phone is the most important thing.”* **CORNETTA**

*“If I had \$1,000 every month, the first thing I would do is get myself checked out properly. Go to a proper check-up at a hospital, maybe even go to a dentist for the first time in 10 years. After that, whatever’s leftover I would just squirrel it away and maybe one day have enough to pay for some kind of education. Why is education important? Because you can’t be thinking in the short term every single day. You have to plan ahead. When you have to deal with so many random expenses every now and then, you figure out pretty quickly that you need to find a way to make more money in this kind of climate. And that’s what education can afford you.”* **MAKS**

*“In this current day and time, we live in communities with labels. Oftentimes, you’ve heard described low income communities, communities of color, challenged communities, it is my hope that there could actually be a day when you just have communities, you have communities where parents love their children, where neighbors love each other, where schools, and businesses, and all of those things that are in a community are actually part of a community, and are allowed to work together.”* **ROSALIA**



# ECONOMIC INSECURITY, DEEP AND WIDE

Inequality in America is at its highest level since the early part of the 20th century, and Chicago looks no different. The ratio of the annual household income of Chicago households in the top income quintile to households in the bottom income quintile is 6.2 :1.<sup>1</sup> Income inequality contributes to slower or negative economic growth and is bad for the city in the short and long run.

At the low end of that income spectrum, over one million Chicagoans had low incomes last year, 39% of the city.<sup>2</sup> For a family of three, that means living on an income of \$42,660 per year or less.<sup>3</sup>

- Half a million of these Chicagoans had poverty-level incomes; that amounts to nearly 1 in 5 of us having very low incomes.<sup>4</sup> For a family of three, that means living on an income of \$21,330 per year or less.<sup>5</sup>
- Unfortunately many Chicagoans' incomes fall far below that, with 226,000 living on incomes of approximately \$10,390 or less annually.
- About half of these Chicagoans with poverty level incomes are not expected to work or not expected to work full time: they are children, seniors, or have a work limiting disability.
- Approximately 1:3 Chicagoans with poverty-level incomes are working.

Contrast this with the basic cost of living. In Chicago a family of 3 needs an annual income of \$60,936 to just to cover basic needs.<sup>6</sup>

So what happens when your income is so far below cost of living? Budgets are squeezed, stretched and have holes, and the toll goes beyond financial into overall well-being.

- 1 in 4 renters pay more than 50% of their income for rent. This ranges from 16% of white renters to 22% of Latino and 37% of Black renters.<sup>7</sup>
  - In fact, minimum wage workers would have to work an astounding 110 hours per week to afford a two-bedroom apartment.<sup>8</sup> Thousands of evictions<sup>9</sup> could be prevented annually if incomes were steadier and higher.
- Nearly half (44%) of households in Chicago do not have a basic safety net to weather emergencies or prepare for future needs, such as a child's college education or homeownership. This ranges from 25% of white households to 61% of Latino and Black households.<sup>10</sup> They are virtually penniless.

ANNUAL EXPENSES	2 ADULTS 1 CHILD
<b>FOOD</b>	<b>\$6,979</b>
<b>CHILD CARE</b>	<b>\$8,135</b>
<b>MEDICAL</b>	<b>\$6,885</b>
<b>HOUSING</b>	<b>\$13,826</b>
<b>TRANSPORTATION</b>	<b>\$10,426</b>
<b>OTHER</b>	<b>\$5,030</b>
<b>REQUIRED ANNUAL INCOME AFTER TAXES</b>	<b>\$51,281</b>
<b>ANNUAL TAXES</b>	<b>\$9,655</b>
<b>REQUIRED ANNUAL INCOME BEFORE TAXES</b>	<b>\$60,936</b>

- This high rate of liquid asset poverty means Chicago is home to many people who cannot cover basic expenses for three months if they experienced a sudden drop in wages or hours, job loss, a medical emergency or another financial crisis leading to a loss of stable income.
- The mobility pathway is significantly hampered, with 1 in 4 (24%) of Chicago households having zero or negative net worth. This ranges from 17% of white households to 26% of Latino and 34% of Black households.<sup>11</sup>
  - Households with no wealth or negative net worth (i.e., debt is greater than assets) have no financial cushion to help them weather a financial crisis or invest in their future, face severe credit limitations, and often get trapped in poverty.
- 1 in 3 residents of Cook County have debt in collections<sup>12</sup> ranging from 25% in white areas to 50% in nonwhite areas. 18% have medical debt in collections<sup>13</sup> and 13% have student loan debt in collections.<sup>14</sup>
  - Median student loan debt in Cook County is \$19,488<sup>15</sup> and that is predicted to rise. A degree can be a path to a higher paying job. Lower- and middle-income students are increasingly priced out of a college degree or take on crippling debt.
  - Behind Miami, Chicago has the highest combined default rates across car, home and credit card loans, of any other major city.<sup>16</sup>
- Affording child care is a significant financial stressor.<sup>17</sup>
  - The average child care cost for a 3- or 4-year-old accounted for 14.5% of Cook County median family income in 2016 compared to 13.3% in 2007.
  - The cost of child care in Cook County continues to rise each year faster than overall inflation. From 2012 to 2017, child care costs increased between 9% and 14%, depending on the type and location of care, compared to a 7% national inflation rate over that period.
- This chronic financial stress also has physical and mental health consequences.
  - Economic inequality is increasingly linked to growing disparities in life expectancy. The gap in life expectancy between the richest 1% and poorest 1% of individuals is 14.6 years for men and 10.1 years for women.<sup>18</sup>
  - Families that earn less than \$35,000 a year are four times as likely to report being nervous and five times as likely to report being sad all or most of the time, compared to those living in families earning more than \$100,000 a year.<sup>19</sup>

These statistics and the life stories of Chicagoans show how easy it is to get trapped by low-incomes and to fall further behind despite herculean attempts to get ahead. How housing stability, health and education matter so much but are out of reach.

## **PROGRESS: FINES, FEES AND ACCESS COLLABORATIVE<sup>20</sup>**

City Clerk Anna M. Valencia recently launched the Fines, Fees and Access Collaborative that will review all of the City's fines, fees and collection practices and suggest reforms that work for all Chicagoans, the financial health of the City, and its communities. This holistic approach will take place over the course of a six-month period and will bring together residents, community organizations, City Departments, elected officials and academic institutions to review the City's current policies on issues ranging from fines and fees schedules to payment plans structures to debt-based policies tied to employment opportunities and the process of enforcement of violations among others.



## MY EXPERIENCE: JOSEPH

My experience with homelessness kind of started at sixteen. I'm 26 now. That's when my mom had passed, my dad had already passed away. I was going into junior year of high school and I had to still take the test to become a senior. Oh man, I didn't know what to really do. But I lived, continued to roll on and finish high school but it was still hard because I was like man yo, I have nowhere to live anymore. Trying to find somewhere to live while you're trying to do school was horrible. I slept in a van at Melvin's. That was a horrible experience being on the streets alone, not knowing what I'm going to eat tomorrow or how I'm going to get back on my feet.

It was like, what's happening with my life? How can I come back? And so I started to go to my networks that I knew. I started volunteering helping youth in the justice system. The organization I volunteer with, Lawndale Christian Legal Center, helped me to get bus cards, things like that, some of the basic needs. Since I couldn't get a job fast enough, I kept volunteering and found a service that helped me get a transitional housing.

Then I started working, doing dishwashing and stuff like that, more restaurant type things. So that's what I did for a long time and they suck, it sucks but I did it. I signed up for AmeriCorps. The interview process was rigorous. It's hard to do, you have to keep interviewing. But I knew with my story, I knew with my passion that I could get it. I could get in and I could do some good. **I got into AmeriCorps last year, got a paycheck and was able get community housing. But I'm still on the edge.**

If I had extra income it would help me tremendously because after I'm done, I pay \$480 for rent and then you think about the other costs of everything else. The food and all these other things, healthcare and all these things that cost money. Transportation in Chicago, oh man. If I had an extra hundred dollars, I could pay for a bus card. A 30 day bus pass. And even save.

Man it's adapting to your situation and surviving to the teeth. And that's the way this world feels. It feels like a survival type test or something. **And that's how I've been feeling for damn near 26 years. I've been surviving and adapting to everything that's came my way and I'm not gonna give up.**

## MY EXPERIENCE: MAKS

I went to Columbia College, Chicago for a fine arts degree. But I quickly realized it just wasn't feasible, especially with the expense. The first year or two of living on my own I wouldn't go out anywhere and spend money. I had to pretty much scrape by. I felt like I had to scrape by in the beginning. I had some kind of a stomach problem that I had to go to the doctor for. It started to be a recurring problem, and they couldn't figure out what it was, but I was still stuck with a \$1,600 bill after the visit. It was never really resolved, it just kind of went away by itself. **Still. That bill, it took a huge chunk out of whatever I managed to save up until that point. And I'm still paying it off today.**

I rolled back into just a regular minimum wage working class position. I work as a wheelchair assistant at O'Hare international airport. It makes minimum wage, still. I've been in this job for the last two years. I make \$1,500 roughly per month. **In order to make that work I have to pretty much just live on the bare minimum, like survival necessities. So it's not really a living wage, I would say, it's a survival wage, and that's really no way to live.** You can't really think in the long term when you're just thinking about survival.

The whole time I've been making trade-offs, just so I could save up a good amount of money. I have to continuously make trade-offs for, because unexpected things will just keep happening. **But I would try to save up as much of it as I possibly can in order to maybe get myself back into some kind of education.** It doesn't have to be college but, definitely want to go back to school.

If I had \$1,000 every month, the first thing I would do is get myself checked out properly. Go to a proper checkup at a hospital, maybe even go to a dentist for the first time in 10 years. After that, whatever's leftover I would just squirrel it away and maybe one day have enough to pay for some kind of education.

Why is education important? Because you can't be thinking in the short term every single day. You have to plan ahead. When you have to deal with so many random expenses every now and then, you figure out pretty quickly that you need to find a way to make more money in this kind of climate. And that's what education can afford you.

# THE CURRENT AND FUTURE STATE OF WORK EXACERBATES THIS INSECURITY

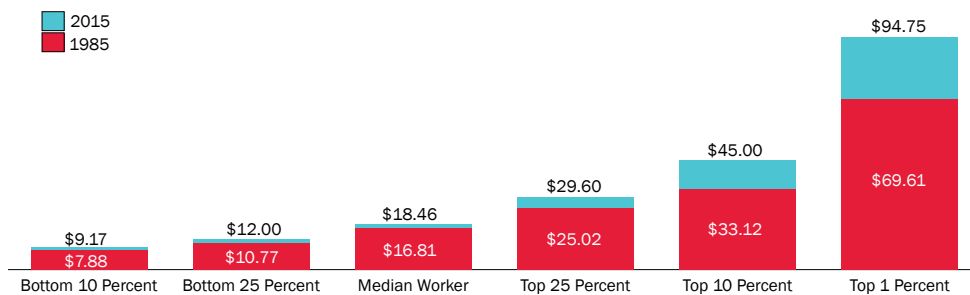
Work used to be a pathway to economic stability and into the middle class for many. Unfortunately years and years of wage erosion have reduced paychecks, as has the rise in contingent and contract work. **The nature of work has changed but policies have not.** And there were always groups left out of that job prosperity with intent, particularly African Americans, unpaid caregivers, and others. This current state of work is threatened to become even worse, as predictions are generated about job losses as a result of the rapid rise in automation and artificial intelligence.

## 1. WAGE STAGNATION

The median earnings for full-time, year-round workers in Chicago was \$50,356 in 2017.<sup>21</sup> That falls well below the basic cost of living. Hourly wages have not been keeping up with inflation for those in the lower and middle income jobs.

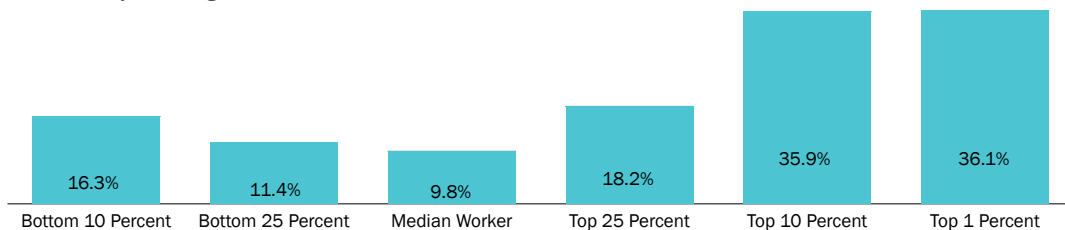
- The top 1 percent in Illinois earns 933% more per hour than the bottom 10 percent and 413% more than the median worker, with wage inequality up significantly since 1985.<sup>22</sup>

Real Hourly Earnings in Illinois: 1985 vs. 2015



- The hourly wage of the median worker has only increased by 9.8% over the last 30 years. Meanwhile, the top 10 percent and the top 1 percent of workers have experienced wage gains of about 36%.<sup>23</sup>

Real Hourly Earnings Growth in Illinois: 1985 - 2015



### PROGRESS: CHICAGO MINIMUM WAGE

Chicago is incrementally raising its minimum wage from \$8.25 an hour in 2015 to \$13 an hour in July. Last summer, Chicago's minimum wage hit \$12 an hour. Chicago's minimum wage increase has benefited 330,000 workers in low-paying occupations and industries, about 25 percent of the city's workforce.<sup>24</sup>



## 2. RISE IN CONTINGENT AND ALTERNATE WORK

Contingent workers are typically workers who do not expect their jobs to last or who report that their jobs are temporary. They do not have an implicit or explicit contract for ongoing employment. Similar, alternative employment arrangements include independent contractors, on-call workers, temporary help agency workers, and workers provided by contract firms.<sup>25</sup> They typically lack job security, and often have work schedules that are variable, unpredictable, or both. These workers are part of the growing 'gig' economy.

Data on contingent work is hard to come by due to definitional issues, data sources, and gaps in what is collected. But whichever way you look at it, it represents a growing share of our workforce.

- A recent analysis found a 1-2 percentage point increase in the share of workers in alternative work from 2005 to 2015– defined as temporary help agency workers, on-call workers, contract workers, and independent contractors or freelancers.<sup>26</sup>
- The GAO estimates that the size of the contingent workforce can range from less than 5 percent to more than a third of the total employed labor force, depending on widely-varying definitions of contingent work.<sup>27</sup>
- Contingent and alternative workers can be found in all major occupational groups; professional and business services, health and education, and other services represented half of all of those engaged in an alternative work arrangement.<sup>28</sup>

Among full-time workers, median weekly earnings for contingent workers (\$685) were 77% of those of noncontingent workers (\$886) in 2017.<sup>29</sup>

When compared to standard workers, contingent workers:<sup>30</sup>

- Earn less on an hourly, weekly, and annual basis due to lower wages and fewer hours worked.
- Are more likely to live in poverty and rely on various sources of public assistance.
- Are more likely to be younger, Hispanic, have no high school degree, and have low family income.
- Were more than three times as likely as standard full-time workers to report being laid off in the previous year.

Contingent workers have some of the worst employment situations of all workers and we keep adding more and more of these jobs to our economy daily.

### 3. UN- AND UNDERVALUED CAREGIVERS

Caregivers play an important role in caring for people need, including seniors, children, and people with disabilities. This is another growing, core part of our workforce. For example, there is a projected 25% growth in home health aid workers from 2016-2026 in Chicago and Cook County.<sup>31</sup>

Unfortunately, caregiving jobs typically fall into two categories, both of which fuel economic instability versus fostering it:

- Many caregiving jobs are low-paid, despite being essential work for our health and well-being.
- Many caregiving jobs are unpaid. In Illinois alone, over 1.56 million caregivers assist their loved ones with an array of services, their unpaid value amounting to billions.<sup>32</sup>

More than three quarters (78%) of caregivers are incurring out-of-pocket costs as a result of caregiving. Family caregivers, on average, are spending roughly \$7,000 per year on out-of-pocket costs related to caregiving.<sup>33</sup>

Who is doing this unrecognized work? People of color, women, and immigrants. These are groups who have historically been excluded from certain policy protections and advantages that other workers receive.

Given the sizable growth in aging population that is projected, these jobs are here to stay. The challenge is to evolve public policy so that all caregiving is considered work and is well paid, while ensuring care is affordable to those who need it. Otherwise instability will grow beyond the caregiver workforce and into those being cared for.

#### PROGRESS: CHICAGO SICK LEAVE ORDINANCE<sup>34 35</sup>

Most people working in the City of Chicago or the Cook County suburbs who have been on the job for 6 months or more, and who work at least 80 hours within a 120-day period, are entitled to paid sick time. It doesn't matter the size of the company or if you work full-time or part-time—you qualify for paid sick time. This new ordinance went into effect July 2017.

### 4. THE FUTURE OF WORK

More changes lie ahead that are projected to impact the stability of the workforce; technology driven automation of jobs and artificial intelligence replacing many jobs are the ones most commonly identified. Some are calling this the fourth industrial revolution<sup>36</sup>, and many predict it will cause widening inequality and diminishing wages. Experts say what differentiates the current effect of automation on the labor market from that of previous generations is the rate of change being much more rapid.<sup>37</sup>

- One study found that about 47% of total US employment is at risk due to automation.<sup>38</sup>
- Another model found that median worker in the U.S. has a 41% probability of being automated.<sup>39</sup>

Many of the jobs replaced by technology and machines will be the lower-paying ones:<sup>40</sup>

- The occupational groups that have the highest probability of becoming automated typically do not require specific skills or training: food preparation assistants, assemblers, laborers, refuse workers, cleaners and helpers.<sup>41</sup> The jobs of telemarketers, cashiers, and delivery drivers all face a very high susceptibility to automation.<sup>42</sup>
- The next category are workers with at least some training, and what they have in common is that large part of their job content is interacting with machines, mainly in the manufacturing sector: machine operators, drivers and mobile plant operators, workers in the processing industry, skilled agricultural workers, metal and machine workers, etc.<sup>43</sup>

While there is debate about the magnitude and speed of the change, it is incontrovertible that change is coming. Some jobs will be lost triggering occupation transitions, a need for new skills development, and income to help workers manage through the transitions. Low wage workers will disproportionately experience these changes in work in wages that will fuel further insecurity absent intentional intervention.

The current and future state of work doesn't bode well for the current and future state of economic security.

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*“Machines the argument goes, can take jobs, but should not take the incomes: the job uncertainty that engulfs large swaths of society should be matched by a welfare policy that protects the masses not only the poor”*

*Ugo Gentilini, World Bank Senior Economist*

## OUR SOCIAL SAFETY NET IS INADEQUATE AND ILL-EQUIPPED

Many different programs comprise our patchwork safety net with the intent of helping people meet basic needs.

- This includes cash (e.g. welfare income, disability income) and in-kind transfers (e.g., housing assistance, child care assistance, food assistance) targeted to poor and vulnerable households.
- Some of these programs are considered entitlements—if you apply and qualify you get it (e.g., SNAP, Medicaid). Others have capped funding. When the funds run out you don't get it, even if you qualify (e.g., child care vouchers, housing subsidies).
- The safety net programs privileges some groups over others, valuing the well-being of those who work, who are married or at least widowed, and who have children. Those who are left out, considering undeserving of needed supports, are those who cannot or do not work, who are single parents, and who do not have children.<sup>44</sup> This is rooted in, and undergirds, racial inequity in our nation. Our policies and narrative equates having a low income as a moral failing rather than a societal and structural one.

Poverty is substantially lower today than it was a half century ago, largely as a result of these safety net programs. But far too many fall through the gaps and the assistance isn't enough to eliminate even the worst of hardship in many cases.



## MY EXPERIENCE: CORNETTA

I work for a warehouse club, get \$12.00 an hour. **Sometimes I'm scheduled two days a week, sometimes it's five days a week if I get lucky. So my monthly base income is not stable.** So I can't say, "Oh I make this much a month." It's anywhere between \$800 to \$1300 a month. I have to pay \$500 for rent,

I have to pay a light bill, I have to pay daycare fees, I have to pay my phone bill, because my phone is the most important thing, and I also have to pay for transportation.

**If I had more monthly income I'd spend it on food.** Because I don't get food stamps. They tell me that I make too much for food stamps. They base the income off of what you have coming in. They don't base on what you have dishing out. So, the first thing it'll go on is food.

If I was able to rely on my schedule, it would change drastically, because then I can make sure I have a babysitter. My child care is Monday through Friday 6:00AM to 6:00PM with Carole Robertson Center. I have a babysitter for Sunday's, which is my sister. But other than that, after six, I don't have a babysitter. On Saturday's, I don't have a babysitter at all. I am the babysitter on Saturday's. And work keeps scheduling me for Saturdays even though I've told them I can't do it. It makes me feel like I've been working for nothing. I've been trying to help your company become better, and yeah, you're paying me for the job, but it's not enough. If I had a schedule, a set schedule, it would change the fact of me being able to do things, for my daughter.

It's been so long since me and my daughter did a mommy, daughter date. It hurts me because we used to do it every two weeks. And all she keeps asking is, "Can we go out? Can we go to Chuck E Cheese?" That's her favorite place. **And I really wanted to take her there for her birthday, now I'm not going to be able to. The next check that get, which is a week before her birthday, I have to put that to rent for February.**

I know people might ask, "Why is she not trying to further her education?" I tried multiple times. Last year I applied for Truman College. It took me from June to the end of November to finally get financial aid. When I started college when I was trying to put my baby in the daycare, they told me that I had to at least have an income for my child to be in the daycare. So, I didn't have an income, and they told me I could apply for TANF. So, I applied for TANF, and when I finally got the TANF, I put my baby in the daycare. In the first week of December, I received a school check, the bonus check, and by four days later, I received a letter in the mail saying I was being cut off of TANF because they said that I make too much. Which is from the school check. So, then sent the letter to the daycare, then I had to take my baby out of the daycare, because I no longer received TANF. That all ultimately caused me to drop out of college. So, now I'm trying to go back to college. **It's very hard, because now I'm trying to make ends meet, and I'm steadily getting pushed several steps back.**

## MY EXPERIENCE: TICHINA

I'm a single working mom, it is hard. It's a hard job, but you've got to make it do what it do. So my job situation, I'm a nursing assistant at a hospital, I've been working there for two years now. When I first got the job, I was making \$12.30 an hour on the cardiac tele floor, where the majority of the time I was taking care of high acuity patients, and it was hard.

To make ends meet, I was working maybe five, six days a week, sometimes a few of those days were overtime. I had to work 16-hour shifts, and I didn't have any time to spend with my daughter. The one day that I was off a week, shoot, I was asleep. It took a big toll on me because I felt like as her mother, I should be in her life at that time of her life. I ended up changing floors at the hospital to a step-down ICU floor, where you have to work three days a week, 12-hour shifts. And I thought that was going to be easier, and granted, in a sense it is, but at the same time, that's full-time, you're working 12-hour shifts overnight, so it tires you out a lot.

I work up north on the north west side, and I stay south east, all the way around 80th and Ingleside, so that's a two hour trip of its own, so that's another four hours added to my 12-hour shift. So by the time I get home, I'm really, really tired.

Thank God my situation is a little flexible. My daughter's dad helps and her grandmother does childcare for her. I really would rather her be in a facility, but I can't afford it. Even the childcare now, the copay is \$201. Only making \$800 to \$900 a paycheck, \$500 goes to my rent, utilities, food, transportation, and \$201 goes out of that check as well every month. So that's all the deductions. I'm struggling.

**So it's a lot of sacrificing going on, it's a lot of give and take. And it's like, honestly, in my opinion, ends never meet, you just do a lot of sacrificing and figuring out when to pay what. You're always playing catch up, and you never catch up, so that's the situation.**

**If I had extra income I'd probably be saving to get a car because I'll be able to go pick up my daughter when I want to and get to work. I'd probably even work more if I wasn't so tired to go take a bus, a train, and another bus to work. So just even thinking about it, it would be a relief, I would be grateful.**

People like me, we don't want to struggle, but we don't have any choice because everything seems like a hindrance instead of a help, and I've never been strung out, I graduated top 25% of my class in high school, I was on my way to college.

I'm trying to get back in school and finish my nursing degree. I'm already a certified CNA at a hospital. There are not proper resources to even help me finish my nursing through my job, so it's like, well damn, how do I figure it out when I don't have any money to pay to go back to school? So eventually, get my BSN and more.

I'm trying to do the best I can for my daughter, but I can't. All in all, I can't. And it's just not fair to her. It's just not fair to her because she didn't ask to be here. She didn't ask for her mother to be in the circumstances that she's in. It's not her fault. **That's all you want for your children, for them to have a better life than you did.**

# 1. HARDSHIP GAP: INADEQUATE IN REACH AND AMOUNT OF SUPPORT

The Temporary Assistance for Needy Families (TANF) program provides direct financial assistance for the poorest families with children. Unfortunately it reaches few families in need, and for those it does reach the financial support is meager. 24,051 Illinois families received TANF in 2017, a drop of over 10,000 families from 2006,<sup>45</sup> and the share of poor households receiving TANF has plummeted to a mere 13%. TANF benefits still leave family incomes well below the poverty line in Illinois: the maximum benefit level was \$432 per month for a family of 3 in 2018. When adjusting for inflation that amount has dropped 28.1% since 1996.<sup>46</sup> Illinois increased the benefit level in October 2018 to \$520 for a family of three but that still falls well below poverty, and falls well below the cost of rent.

*“This situation is due entirely to the design of the American safety net, woven as it is with deliberate and large holes... It exists to aid certain kinds of people living through certain life circumstances, and to help them with certain wants and needs. We believe that there is a moral difference between taking a home mortgage interest deduction and receiving a Section 8 voucher. We judge, marginalize, and shame the poor for their poverty—to the point that we make them provide urine samples, and want to force them to volunteer for health benefits. As such, we tolerate levels of poverty that are grotesque and entirely unique among developed nations.”*

Annie Lowrey, Give People Money

**Illinois TANF-to-Poverty Ratios Over Time<sup>47</sup>**

1995-96	2005-06	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
87.5	17.1	16.5	17.8	17.2	17.7	15.8	13.0

**Illinois TANF Benefit Levels as Percentage of Fair Market Rents, 2018<sup>48</sup>**

1996	2000	2018
57.6%	56.7%	40.8%

The Supplemental Nutrition Assistance Program (SNAP) offers nutrition assistance and reaches far more households because eligibility is based on income versus having restrictions by family type. In Chicago 197,795 households received SNAP in 2017.<sup>49</sup> The average monthly benefit received by Illinois households was \$240.<sup>50</sup> When taken together TANF and SNAP just barely get families who receive both to half of the poverty line.

**Illinois TANF and SNAP Benefit Levels as Percentage of Federal Poverty Level (FPL), 2018<sup>51</sup>**

TANF AS PERCENT OF FPL	SNAP + TANF AS PERCENT OF FPL
24.9%	54.1%

The amount of federal rental assistance available through housing choice vouchers, low-income housing tax credits, and public housing unit has severely lagged far behind growth in the number of renters with very low incomes, the group typically eligible for subsidies. Only one in four eligible households wins the housing assistance lottery. Between 1987 and 2015, the share of eligible households with assistance dropped from 29% to 25%.<sup>52</sup>

# 2. LIMITS LIMITS LIMITS: RESTRICTIONS IN ELIGIBILITY AND USE OF SUPPORT

**Supports only for workers:** There is also a set of benefits that are earned through employment, that is, employment in the right types of jobs and for at least a minimum length of time. These include Social Security, Unemployment Insurance and the Earned Income Tax Credit.



For example, currently an individual establishes eligibility for Social Security retirement benefits only if he or she has worked at least 10 years in so-called covered jobs and has earned at least \$1,200 per quarter. Likewise, eligibility for Unemployment Insurance payments is based on whether an involuntarily unemployed individual has had a certain amount of work and earnings in the past year or so.<sup>53</sup> It helps people for a short period of time through temporary spells of joblessness. As businesses increasingly rely on workers who they do not directly employ, these systems protect fewer workers.<sup>54</sup> Many workers are left out of these programs by virtue of how work is defined, which work is valued, and how work is structured.

**Restrictions on spending choices:** In-kind programs in general limit family's ability to invest resources where they most need to due to the restrictions in use of the funds. For example, the Supplemental Nutrition Assistance Program, while useful in so many ways doesn't cover many basic expenses; it can only be used for groceries and not other essentials like household supplies, toothpaste, vitamins, or diapers.

**Groups with additional hoops:** People with criminal records and immigrants face additional restrictions based on records and status, making programs harder to navigate.

**Work requirements:** For some programs (TANF, SNAP) work requirements are a condition of eligibility—the must work for a minimum number of hours per month in order to keep their benefits. The reality is that many recipients who can work are already working, and those who aren't have significant reasons not to. This makes it harder for people to get and keep benefits, doesn't affect employment or earnings, and increase poverty versus alleviate it. People who are unable to work, can't find work, or who are in jobs with unstable scheduling are hurt by this.

There are a whole host of additional hoops and indignities people have to go through to get these supports, and then time limits once they have them.

### 3. SHAKY GROUND: BENEFITS CLIFFS

People lose eligibility for means-tested programs as their incomes rise. Benefits cliffs describes what happens when programs phase down or out quickly. Benefits cliffs occur when a small increase of even a \$1 in income can result in a significant reduction in, or abrupt loss of, benefits like SNAP, child care assistance, or others that support people with low incomes. Child care subsidies are one of the largest cliffs.

Benefit cliffs can leave families no better—and in some cases much worse—than before an income increase when their incomes have not increased enough to cover the basic cost of living. “Cliff effects in benefit programs are problematic because they violate our basic notions about fairness and the common-sense belief that programs designed to promote economic self-sufficiency should not leave someone worse off as the result of an earnings gain.”<sup>55</sup>

.....  
We have a two-tier system of social policy that “imposes stigma and restrictions on support going to low-income families, while also quietly subsidizing higher-income households for the same goals with few strings attached”.<sup>57</sup> The hardship and job instability laid out in the prior sections call for social policy that is responsive and adequate to meet families’ needs and foster economic security. Unfortunately the patchwork of programs we have do not reach everyone in need; for those they do reach, they have to jump through hoops to meet requirements that are restrictive and undignified; and they do not provide adequate levels of support. The support they provide is critical to low-income households but even together they do not come close to helping families make ends meet.

#### PROGRESS: FAMILY INDEPENDENCE INITIATIVE<sup>56</sup>

The Family Independence Initiative recently launched a pilot in Chicago. Family Independence Initiative (FII) trusts and invests directly in working poor families across the nation so they can work individually and collectively to achieve prosperity. FII provides families with a technology platform called UpTogether that they use to strengthen existing and create new social networks, access financial capital and incentives, set goals and monitor progress, and support one another in achieving mobility. FII's UpTogether Fund is designed so families have access to dollars to support their self-directed efforts and on their own timeline, the same way that middle and upper-income people purchase services and products in the open market. Over the two years they are enrolled in FII, the average investment directly to a family is \$2,400.

## MY EXPERIENCE: VERONICA

I have a physical disability. I had a stroke. Cognitively I think I've got it together upstairs, however, the physical part, it doesn't allow me to work actually a physical job, especially doing what I do. I'm a licensed practical nurse, and of course being a nurse is always hands on. It's being like right there at bedside with the patient and doing all that good stuff, saving lives and stuff like that.

I'm in a catch 22 because my children are getting older. They're college bound, high school bound. We're looking for monies for them to get to college. We're looking for monies to make sure they're secure and maybe for the applications, getting transportations going here and there.

I'm at a catch 22 because now I have to decide what can I do? Since I can't go out and actively find work and physically work a job, I wonder can I do something at home? Then it's that big blur, like okay, if I do work from home, how would that impact the things I get from, of course, the government, like Social Security, food stamps, medical care? So it's like a big ... It's really scary. **So those are things that I wrestle with in my mind every day. Trying to figure out how I'm going to work things out and provide for my family. Give them the best help that they can get, especially young people going into adulthood. I really want to make it secure and safe and look okay for them.**

If I had additional income every month it would give us some cushion. It will definitely cover those unexpected things that might pop up out of the blue. Last year my son was sick. We had to up and get him a chest x-ray because they thought he had tuberculosis. That was \$200 that came out of nowhere. It would help out with things like that. It would definitely with food, transportation.

It's like almost every month I'm scraping and scraping trying to find some extra money for food because Social Security disability recently gave me a \$30 raise and the food stamps went down. So now it's like I'm trying to scrap by and trying to find pantries to make up for the food that we don't have. So it seems like it's always a little struggle going on. How can I play catch up when stuff is always getting cut?

Everyone have the right to live in a fair environment, a safe environment, an environment that's conducive for everyone to be happy and healthy. For me, a person with disability, I found that I don't have a place here. I don't see myself really having a place to really thrive or live in a comfortable situation where I can actually afford the things that's necessary and necessities. We are human and we matter, and we had a life once and we once was whole and now we're a little broken. I still feel as though we still need a place here in society that feels that will welcome us in any walks of life, whoever we are and whatever our disability might be. Mine is physical. Somebody else's might be have a mental challenge. **But we are human, and we deserve the best like everyone else. We are deserving.**

## MY EXPERIENCE: ROSALIA

I'm simply a person who unfortunately was given a diagnosis, and at that moment, my priority became trying to stay alive, trying to survive, trying to raise my at the time small children, which is stressful within itself. It's overwhelming within itself to get a terminal diagnosis, and then to also have the burden of systems, housing, being issued medicines, having to jump through hoops while you're dying, just to get basic human necessities.

Stress is the number one enemy to cancer. I needed a holistic approach of eating better, and less stress. But the systems fueled my stress. I couldn't survive off of \$10 of Food stamps. The policies that are in place, that are set up for people in challenged communities to fail, and I have been subject to that, and trying to break those cycles, generationally, it becomes more and more challenging, because if you make a dollar, they find a way to take \$10, which is absolutely against anything.

If a person wants to save for college, if a person wants to have a better life, and come out of a cycle of poverty, it's almost as if it's a no win situation, and it is a vicious cycle that goes over, and over, and over again. We need to change policies and systems that keep people who wanna work hard, people who want to have a better life for their children, from having it.

**We are all human beings. We all have a right to have a good life, to provide for our children, for our families to thrive, and live with a good life that they were born and destined to do.**

I think that we have overtime become accustomed to a system that we feel has to say that the rich are simply supposed to be richer, and greed has taken precedence over humanity. I think that we've grown accustomed to the fact that there are always supposed to be people who are not entitled to the things that a human being should be entitled to. We're not entitled to the civil liberties, we're not entitled to a flourishing family life, or home life, or as a matter of fact, any kind of amenities that would look like fun, or things that a normal, flourishing family would have and do.

If I had a \$1,000 every month, I would probably try to dig myself out of debt, and this debt is medical debt. **I'd pay the back bills from how I've robbed Peter to pay Paul, to suffice John, to make the difference for, what's the other apostle? Matthew. It would probably just be to get my head almost above water at this point,** because poverty breeds poverty.

Start looking to people as individuals and human beings, and assess our real life situations, and then work with us to figure out what's the best strategy. I'm a human being. Treat me as such. Have a conversation with me, know who I am, what my story is, what my situation is, and don't put me in this numbers game, where you say that a dollar amount is sufficient for me to live, if you don't know anything about my life.





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## UPENDING THIS INSECURITY

EXPLORING CASH TRANSFERS

If we value economic security for all Chicagoans, the call to action is clear. Our task force went deep into understanding what has been tried and what looks promising. We solicited input from academics across many disciplines, other cities and states, Chicagoans, service providers, and national groups dedicated to economic well-being. We landed on something that may sound simple, but that has been studied, tested, and proven effective: cash transfers.



*Sometimes the best solution is the simplest: We can use direct cash transfers to ensure people have the financial freedom and safety net they need to solve problems in their lives. We know from ample data that people tend to make the right decisions when we invest in them. Research shows that they tend to work just as much. Their kids do better in school and are healthier. Workers go back to school and climb up the economic ladder. (Economic Security Project, Feb 2018)*

## CASH TRANSFER: WHAT ARE THEY?

Cash transfer programs usually provide a meaningful amount of income to recipients on a recurring basis with few strings attached. Cash transfer solutions are not new, and iterations of cash transfers have been called different things including a negative income tax, an earned income tax credit, basic or guaranteed income, and conditional cash transfers.

Universal cash transfers or basic income has roots in a variety of political ideologies. From the 18th to the 21st century, American supporters have included founding father Thomas Paine, civil rights activist Martin Luther King, Jr., economist Milton Friedman, Republican President Richard Nixon, and many others.<sup>58</sup>

## WHY CASH AS A SOLUTION?

1. THE NATURE OF WORK HAS CHANGED: There are not enough jobs that pay a living wage, job attachment is more tenuous, and wages are far out of sync from cost of living. If we want an economically prosperous city we have to do things differently than we've done in the past. All Chicagoans benefit when we can all support ourselves and our families. The programs as optimally designed decouple cash benefits from employment and raises the floor so people can live with dignity.

2. IMPROVED WELL-BEING: Cash transfers are a well-studied social intervention both in the U.S. and globally. The Overseas Development Institute conducted a rigorous review of cash transfer research from 2000 to 2015. The studies consistently show that cash transfers consistently:<sup>59</sup>

- decrease poverty
- increase school attendance
- increase use of health services
- increase household savings
- support work participation

3. RESPONSIVE TO HOUSEHOLD NEEDS: Cash transfers empower individuals to make choices with greater liberty.<sup>60</sup> As we heard from the Chicagoans who provided important testimony to the task force, extra income has myriad critical benefits. Chicagoans told us:

- They would take care of their most basic needs first
- They would save, both to weather unforeseen setbacks and for their future
- They would support their children's development needs
- They would prioritize health
- They would be able to plan for a return to school

Individuals are the best judges of their own needs. By allowing people to make their own decisions, meaningful cash transfers would stabilize financial insecurity and provide a foundation to build on towards their goals and aspirations.

4. ECONOMIC RIPPLE EFFECT: On top of the tangible, immediate benefits to people, there are powerful economic effects. Households with lower incomes have to spend all or most of the income they bring in to meet basic needs. An income boost will both stabilize and increase necessary spending, creating an economic ripple effect throughout communities. The cash transfer dollars multiply and strengthen local economies. Further beyond our neighborhoods, there can be positive macroeconomic effects of cash transfer due to the increase in aggregate demand and therefore in the size of the economy.<sup>61</sup>

5. EFFICIENT POLICY TOOL: Finally, cash transfers are an effective and efficient policy tool. Cash transfers can be designed with few hoops for recipients to jump through and have no strings attached to how funds are used.

## ARE THERE PITFALLS?

Importantly, cash transfers alone will not alleviate threats to economic security and well-being, nor reverse centuries of structural racism. So it is important that other labor reforms, economic policy, and strong safety net supports be combined with cash transfers. They also require a significant cash outlay. Models show that the U.S. can afford this and there are different routes there but it will take bold leadership.

The uphill battle is really in the narrative. Unfortunately, the U.S. has a history of rooting social policy in stereotypes, anecdotes, myths, and intentionally disparate responses based on race, so overcoming these narratives, often racialized, is critical. Researchers have combed the evidence from cash transfer programs to assess the impact on common criticisms and fears in the policy discourse around cash transfer programs. They found ample evidence that cash transfers 1) do not induce higher spending on alcohol or tobacco; 2) that they are used for both short-term consumption and long-term investments (e.g., education or skill advancement); 3) that they do not create dependency (e.g., stop working); and 4) that they do not increase birth rates (e.g., in an effort to obtain increased benefits, or to maintain eligibility).<sup>62 63</sup>

.....  
It was important for the task force to focus on evidence-based rather than ideologically-based debates around cash transfers. In so doing, it was clear that our social contract must include new and modernized cash transfer solutions.



# VALUES TO GUIDE POLICY SOLUTIONS

As the task force assessed solutions, a values framework was needed to help guide the decision-making. We are entering into new social policy territory with the intent of not repeating mistakes and shortcomings from prior policy solutions. Four sets of values were surfaced during meeting conversations, reviews of the literature, and presentations.

The task force determined that any recommended solution should embody the following:

## 1. Inclusive and Fair

- It should be designed to include everyone, so individuals can choose to opt out, rather than being required to opt in for help.
- Groups should not be singled out for exclusion (e.g., immigrants, people with criminal records, caregivers, under- and unemployed people).
- The solution fosters progress on racial and gender equity.

## 2. Mindful of Dignity and Trust

- People should not have to jump through a lot of hoops to get help.
- Dignity must be embedded in how support is provided, e.g., no stigma, accessible, simple, transparent.
- There should be no restrictions or strings on use of income. The solution trusts that people know what they need to spend money on and that they know better than we do what that is.

## 3. Decent and Reliable

- The dollar amount of support, while basic, is not nominal. It should set a minimal threshold no one falls below.
- The income amount should end severe deprivation and cover basic needs.
- The income can be counted on both in terms of amount and frequency.

## 4. An Enhancement to the Safety Net

- The solution would bolster safety net income versus replacing it (e.g., there is not a regressive, net loss result).
- The solution would be designed to protect benefits for people with low incomes, such as health insurance or food assistance, versus eroding eligibility or award amounts.

Embedding any single one of these values into a policy solution is a much-needed transformation, but embedding them all would be boldly game-changing in terms of ending financial insecurity.



4

# PROMISING ECONOMIC SECURITY SOLUTIONS

EXPAND AND  
MODERNIZE THE  
EARNED INCOME  
TAX CREDIT  
(EITC)

CREATE A  
GUARANTEED  
INCOME PILOT IN  
CHICAGO

EXPLORE  
COMPLEMENTARY  
POLICIES  
TO INCREASE  
ECONOMIC  
SECURITY

# ECONOMIC SECURITY POLICY SOLUTIONS

To bring cash transfers home to Chicago and Illinois, the task force explored two bold policy solutions, paired with a third suite of complementary solutions.

- First, using the tax code, expand and modernize the Earned Income Tax Credit (EITC). A bold city and state EITC would provide more reliable support to more people. The state has an EITC to build on and there are opportunities for the city to explore creation of a city EITC. We should bring more workers into the fold, particularly unpaid caregivers as well as people with middle class incomes and students. We should increase the minimum credit for most recipients to give a more substantive benefit; spread out the payments over the year so the income is predictable; and create an automatic filing option.
- Second, create a guaranteed income pilot. Through a pilot, we can learn how government can operate and bring programs like this to scale. A pilot would reach 1,000 Chicagoans with \$1,000 a month. Guaranteed income can have powerful effects: significant reductions in poverty; improved school attendance; an increase in savings; and improvements to health and well-being.
- Third, explore complementary policies that the State of Illinois and City of Chicago can take to increase work stability and economic security, strengthen the safety net, bolster consumer protections, and increase economic mobility.

# EARNED INCOME TAX (EITC) CREDIT EXPANSION AND MODERNIZATION

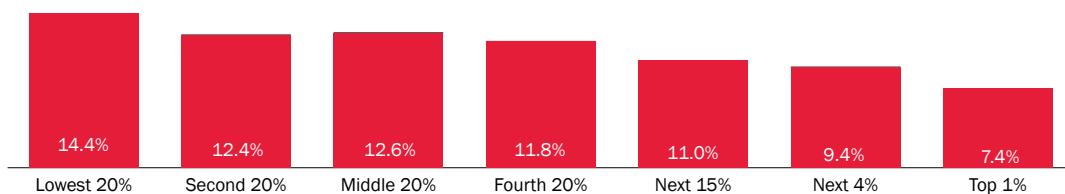
Expanding and modernizing the Earned Income Tax Credit will put more money back in the pockets of the people who need it most. Recent polling suggests such policies would be popular, with 70% of respondents supporting a modernized EITC statewide and 80% supporting such an effort in Chicago.<sup>64</sup>

## BACKGROUND

The Earned Income Tax Credit is a tax credit for low- and moderate-income working people. It offsets payroll and income taxes. The EITC is the nation's largest cash transfer program returning billions of dollars, no strings attached, back to struggling families to help boost their incomes and stabilize their financial lives.<sup>65</sup>

Working families with children that have annual incomes below a certain amount are eligible for the EITC. Working people who have no children and have low incomes can receive a very small EITC. The amount of EITC depends on a person's income, marital status, and number of children. The EITC increases as earnings rise (up to a maximum point), which encourages families to work more hours when possible. Twenty-nine states, plus the District of Columbia, have established their own EITCs to supplement the federal EITC.<sup>66</sup> Illinois is one of them.

Total State and Local Taxes in Illinois



The EITC is refundable, which means that after offsetting what is owed to the government, filers receive the remainder of the benefit as a refund. The EITC is effective at boosting income and reducing hardship because it lets families keep more of what they earn, and helps them keep working, despite low wages.<sup>67</sup>

The EITC has been in effect since the 1970s, resulting in decades of research findings.

- The EITC lifts more people out of poverty than any other program.<sup>68</sup>
- Families primarily use the EITC to pay for necessities, repair homes, maintain vehicles that are needed to commute to work, and in some cases, obtain additional education or training to boost their employability and earning power.<sup>69</sup>
- People tend to spend their credits quickly and locally, which produces a strong “multiplier effect.” Several studies estimate that the EITC generates around \$1.50 - \$2 in local economic activity for every \$1 in benefits.<sup>70 71 72</sup>
- Estimates show that for every dollar spent on EITC, the combined federal and state revenue reductions due to reductions in the claiming of other public assistance and increasing taxes paid (sales tax, less public housing and less welfare receipt, higher payroll and sales taxes, etc.) is 87 cents, so that the EITC's true cost is only 13% the sticker price.<sup>73</sup>
- Many studies show the EITC encourages work. For example, a recent study found that a \$1,000 increase in the EITC led to a 7.3 percentage point increase in employment.<sup>74</sup>



# THE CURRENT EITC IN ILLINOIS



## NEEDED IMPROVEMENTS

While the current EITC is a critical financial stability tool for many low-income workers, it does not reach all people who would benefit from the tax credit, and is insufficient in the face of our current and emerging economic challenges.

### 1. BROADEN ELIGIBILITY

The EITC leaves out millions of people who are taxed into, or deeper into, poverty and who would benefit substantially from such a credit:

- Low-wage workers with no children, including young people just starting out in work under age 25 and workers over age 64
- Low-wage workers not raising children in the home, including non-custodial parents and adults with grown children
- Unpaid family caregivers with qualifying dependents (children, seniors, and disabled). By expanding the definition of work to include unpaid caregiving we acknowledge that all caregiving is work and should be paid
- Low-income students attending a higher education institution<sup>75</sup> at least half-time<sup>76</sup> acquiring skills for their future
- Middle class earners who still experience a gap between earnings and cost of living

### 2. EXPAND THE BENEFIT AMOUNT

Increasing the EITC amount for all household types will make it a much more meaningful support to address the rising cost of living.<sup>77</sup>

### 3. INCREASE PAYMENT FREQUENCY

As currently designed, recipients must wait until after the end of the year to claim the credit, despite having spent the entire year earning it. When budget margins are as tight as they are for people on low-incomes, they may fall behind on expenses or even into debt in the meantime. It increases the likelihood workers will need to rely on predatory lending to get by, and get trapped in a cycle of debt. It also may inhibit people's ability to invest in things they want and need with this discretionary income. Empowering beneficiaries to choose to move outside the annual distribution framework inherited from the tax system and have more flexible options for receiving credit dollars will help the EITC achieve its full potential.<sup>78 79</sup>

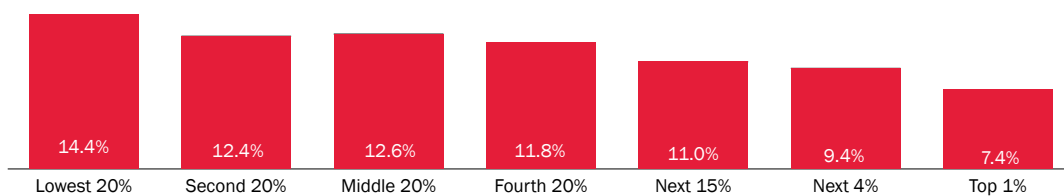
#### **4. CREATING AUTOMATIC FILING OPTIONS**

The tax filing process is cumbersome—from keeping and collecting records, finding the right forms, reading fine print, completing worksheets, filling out a tax return, and submitting the return. This annual process could be avoided for the half of tax filers or more that take the simple deduction if the government used the information it already has to automatically prefill their returns for them. The IRS already receives information about our sources of income directly from employers and banks. With automatic filing the IRS can take that information and if the person’s tax status were simple enough, send that taxpayer a return prefilled with the information. The program would be voluntary. Low-income households would benefit tremendously from this simpler filing approach.

# EXPLORING ILLINOIS OPTIONS

Our state tax system should raise adequate resources to invest in public priorities and do so in a manner that asks all Illinoisans to pay their fair share. Unfortunately Illinois has a perfectly regressive tax code. Low- and moderate-income families pay higher state and local taxes as a share of their income than do upper-income families. This imbalance reflects states' heavy reliance on sales, excise (e.g., gas, beer, cigarettes), and property taxes, all of which fall more heavily on families with lower incomes.<sup>80</sup> Our tax code exacerbates income inequality, with low-income people paying a higher share of their income in taxes than the wealthiest. Illinois has the 8th most unfair state and local tax system in the country. Incomes are more unequal in Illinois after state and local taxes are collected than before.<sup>81</sup>

Total State and Local Taxes in Illinois



Illinois is one of 29 states that offer a targeted tax credit to low- and moderate-income workers and their families that helps offset the regressive impact of sales and excise taxes. Illinois increased its EITC from 10% of the federal credit to 14% in 2017 and to 18% in 2018. Nearly one million Illinois households received the federal EITC in 2018. The average amount of the federal credit for Illinoisans was \$2,517 per household, bringing \$2.3 billion back into Illinois.<sup>82</sup>

We can build on this foundation to make some important changes to increase the power of the EITC for Illinois families and make it more responsive to our evolving families, jobs and cost of living.

By modernizing Illinois' EITC we can:

1. **Reach More People:** Broaden eligibility to include low income family caregivers, low income students in school half time or more (47,000 in Illinois), and people with incomes into the middle class.
2. **With More Support:** Significantly increase the percent of the federal credit that the state credits households.
3. **Provided More Frequently:** Create options for periodic payments versus only annual.
4. **Made Easier:** Create an automatic filing option.

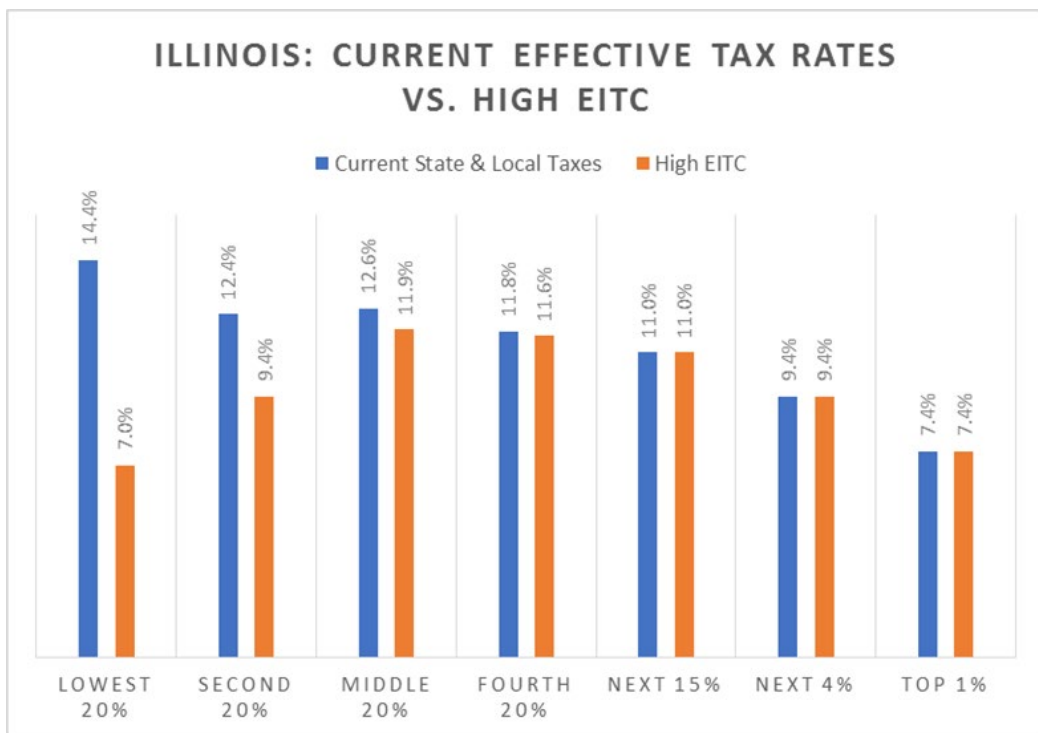
The Institute on Taxation and Economic Policy in partnership with the Economic Security Project modeled a number of scenarios to modernize the EITC for the task force.<sup>83</sup>

**Model Features**

SCENARIO	% OF FEDERAL	INCOME CEILING	BASIC CREDIT	PHASE OUT	NEW GROUP ELIGIBILITY
HIGH EITC	50%	75K (\$37.5K IF CHILDLESS)	\$1,200	25%	+ CAREGIVERS AND STUDENTS
MEDIUM EITC	30%	70K (\$35K IF CHILDLESS)	\$1,000	5% (15% FOR CHILDLESS)	+ CAREGIVERS AND STUDENTS
LOW EITC	25%	LARGER OF \$50K OR FED EITC (25K IF CHILDLESS)	\$800	5% (15% FOR CHILDLESS)	+ CAREGIVERS BUT NOT STUDENTS

These options reach low-income and middle-class families. Over 2 million Illinois households would benefit from either getting a higher credit than the current Illinois EITC or newly getting credit due to expansions. Importantly, the poorest people and families with children benefit the most, significantly reducing child poverty, while also supporting people in the middle class who desperately need financial stability. Because people of color and rural residents have higher levels of poverty, it also provides a significant boost to these communities.<sup>84</sup>

The high model both makes significant progress towards the task force’s goals and moves the dial significantly towards a much more equitable tax system in Illinois.



Illinois has the upside of building upon an existing EITC but the downside of a fiscal environment that is very challenging. As state leadership revisits and reforms the state’s current flat income tax inclusion of a significant, modernized EITC as part of this plan would be catalytic.



# EXPLORING CHICAGO OPTIONS

1. **Bolster Outreach:** Reach more people by increasing uptake of the current EITC through outreach programs.<sup>85</sup> This would have an immediate impact and bring families and the city needed cash flow that is currently being left on the table so to speak. It is estimated that 1 in 5 people who are eligible for the EITC do not receive it. For some it is because they don't have to file taxes. For others it is lack of information or awareness about the program. Research shows that low program awareness and understanding and informational complexity contribute to the puzzle of low take-up.<sup>86</sup> There are many routes forward:

- Promoting, investing in and expanding free tax prep services to maximize receipt of EITC and other tax credits. For example, Volunteer Income Tax Assistance (VITA) sites offer free tax preparation services to low-to-moderate-income working people and are staffed by volunteers certified by the IRS. One of the most effective ways of ensuring that families who are eligible to receive the EITC actually receive it is through free tax preparation.
- Explore ways to encourage for-profit preparers to boost EITC take-up responsibly. There are far more EITC claimants than there are free tax preparer resources.
- Launching direct marketing mail and digital campaigns inclusive of texting, digital ads, direct email, mail, and earned media. Many tools have been created and tested to spread the word, including [www.eitcoutreach.org](http://www.eitcoutreach.org). Chicago has been a pioneer in this, leading annual public-private campaigns to increase awareness of the credit; there is much success to build from. Local media, utility companies, large employers, and community groups publicize the availability of the EITC and other tax benefits to low-income workers and neighborhoods. Since the campaign's inception low-income residents have received millions of dollars each year back.
- Some target groups, such as those who receive Temporary Assistance for Needy Families benefits, while others reach out to entire communities. Some areas are exploring mandatory notifications from employers if they think people are eligible, and some are engaging in school based outreach.
- Partnerships with community groups and labor unions through events and materials.

**A 5% increase in federal EITC uptake among eligible Chicagoans would likely cover more than 19,000 additional families and add over \$52 million in economic benefit to families directly.<sup>87</sup>**

2. **Offer Pre-Populated EITC Forms:** Assess feasibility of an initiative to identify Chicagoans who are eligible for the Earned Income Tax Credit (EITC) in prior years and use that information to fill out and mail amended tax returns so people could claim their credits. The NYC Department of Finance took the unprecedented step of analyzing Federal tax information to identify New Yorkers who were eligible for the Earned Income Tax Credit (EITC) in prior years and used that information to fill out and mail amended tax returns so people could claim their credits. The EITC helps low-income families to stabilize—and even grow—their family finances. In two years, the project successfully helped low-income workers successfully claim more than 22,000 credits totaling almost \$14 million. This year New York State will conduct a similar statewide mailing and Maryland, Virginia, and Kansas are also working with the IRS to replicate the program.

## PROGRESS: TAX PREP CHICAGO

The City of Chicago offers free, confidential tax help at locations across Chicago from late January through mid-April in partnership with Ladder Up. Qualified Chicago families and individuals can receive free tax return preparation and e-filing. Trained volunteer tax preparers assist residents in completing and electronically filing Federal and Illinois tax returns for the current tax year and, in some cases, for prior years. They also assess if residents qualify for the Earned Income Tax Credit (EITC), Child Tax Credit (CTC), and/or student financial aid for college. <http://www.taxprepchicago.org/>

3. **Explore Creation of a Chicago Earned Income Tax Credit:** The city does not currently have an income tax nor an EITC. Creation of such requires developing the mechanisms by which a city EITC would work, such working closely with the state, piggybacking on IRS EITC claims information, and learning from Washington state.<sup>88</sup> New York City has a city EITC set at 5% of the federal and recipient get their refunds through state filings, while the District of Columbia has most generous in country at 40% match of federal (100% of childless workers). Montgomery County (MD) has a local EITCs and San Francisco has a one-time EITC (different structure) as well. The creation of a modern citywide refundable EITC in Chicago can build upon and go beyond those and build on any state wide EITC expansion and modernization.

EITCs can be particularly helpful in cities because their tax systems rely heavily on excise taxes, property taxes, and in most cases sales taxes. Because of this reliance, low- and moderate-income families in these states pay a higher share of their income in taxes than wealthier families.<sup>89</sup>

**Model Features**

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Given the significant gaps between incomes and cost of living, it behooves Chicago to consider instituting an Earned Income Tax Credit alongside any new broad-based revenue generation initiatives in the coming years. Whether supported through an expansion of the Illinois EITC or the creation of a Chicago EITC, the high scenario below shows that a tangible difference in family economic stability is possible.

**PROGRESS: CHICAGO EITC PERIODIC PAYMENT PILOT**

Chicago has already pioneering testing of some of these innovations. In 2014, the Center for Economic Progress, Office of Chicago Mayor Rahm Emanuel, Chicago Housing Authority and the University of Illinois at Urbana-Champaign launched the Periodic Earned Income Tax Credit Payment Pilot Project, a year-long pilot program to provide quarterly advance EITC payments to a cohort of 343 households. Participants in the program reported significantly lower borrowing, more stable finances and less financial stress for low- and moderate-income families. Read the full results of the project here: <https://news.illinois.edu/view/6367/307052>

Investments in a modernized EITC for working and middle class will help Chicago and Illinois:

- **REDUCE POVERTY**
- **ADDRESS RISING COST OF LIVING AND HOUSING**
- **REDUCE INEQUALITY**
- **MAKE TAXES FAIRER**
- **BOOST OUR LOCAL ECONOMIES**

# GUARANTEED INCOME PILOT<sup>90</sup>

Creating a guaranteed income pilot in Chicago will advance learning as to how government can operate and bring programs like this to scale.

## BACKGROUND

The task force started out its work learning about universal basic income programs. In recent years, there has been increasing interest in implementing a basic income as a policy proposal in the United States that would be universal and unconditional, righting all the wrongs of how our current safety net is structured. No one would fall through the cracks.

As we moved down the path of modeling specific solutions we landed on guaranteed income as a place to start. We know we needed further testing and evidence before recommending something universal, but based on the research to date, we felt strongly this version of basic income could be well-tailored to support economic security.

Guaranteed income is a program wherein a specific population is provided with monetary transfers on a regular basis. Guaranteed income design principles include:

- The amount of income provided should support a basic standard of living.
- The income is a regular fixed amount.
- The income is distributed at regular intervals.
- The income is provided for a sustained period of time.
- The income is given with no strings attached; it is unconditional.
- Eligibility is usually simple—recipients simply need to be a resident in a predefined geographic region, such as a city or a state. Otherwise it is unrestricted.

The benefits are well-described in the cash transfer portion of this report.

## EMERGING INITIATIVES

As income inequality grows, poverty deepens, and work becomes more precarious, interest in basic income solutions has surged. This increased interest has given rise to several North American pilot programs of cash transfers. Pilots currently under development in the U.S. represent an array of political and economic conceptualizations of basic income, and each pilot takes a different approach to policy design, research implementation, and messaging.

## ONTARIO BASIC INCOME PILOT<sup>91</sup>

Ontario, Canada is home to the largest pilot in North America, in terms of number of participants and size of cash transfer. The provincial government committed to a three-year pilot of basic income for 4,000 Ontario adult residents beginning in 2018. Based on 75% of Canada's National Low Income Measure, participants received approximately \$1400/month for single households or \$2000/month for couples, less 50% of earned income. According to the policymakers, this amount "would provide an income that will meet household costs and average health-related spending." Some existing social benefits were swapped out dollar-for-dollar with the basic income transfer, while others—disability, child benefits, and healthcare—were left as-is. This program was messaged to Canadians as a potential additional benefit, which would accommodate those who are currently underserved by the existing social safety net and was framed as a benefit that would allow and encourage recipients to create better circumstances for themselves by

*Universal cash programs were a way of providing the poor with an opportunity to participate in the economy. Universal cash programs were a way of ensuring that all members of a society had a foundation to build on. Universal cash programs boosted the power of workers. Universal cash programs provided women with choices when it came to raising their children and starting their careers. Universal cash programs were a powerful tool for social justice, ensuring that the minority would get what the majority got. Universal cash programs squeezed racial prejudice and paternalism out of the safety net, trusting people to use what they had in the best way for them. Universal cash programs were a way of helping overlooked rural communities. Universal cash programs were a way of aiding children, regardless of the competencies of their parents. At a time of polarization and inequality, universal cash programs offered empowerment, inclusion, and together—something for everyone, it seemed. They were not a safety net. They were a foundation.*  
(Annie Lowry, Give People Money, 2018)

investing in education, improved living conditions, and a host of other activities which boost human capital and overall health and well-being. The transfers are slated to end on March 25, 2019, but may run longer depending on court decisions.

### **Y COMBINATOR RESEARCH BASIC INCOME RESEARCH DEMONSTRATION<sup>92</sup>**

In the U.S., the largest basic income pilot announced to date is a privately funded and operated randomized controlled trial to be launched in multiple locations. Y Combinator Research is implementing this pilot and are currently testing and refining a pilot design that will eventually include 3,000 recipients (1,000 treatment, 2,000 control). The cash transfer of \$1,000/month—enough to cover basic needs—will be given to participants for three to five years (control group participants will receive \$50/month). Effects of the cash transfer are to be evaluated along eight parameters: time use, subjective well-being and objective health, financial health, time and risk preferences, political and social behaviors and attitudes, crime, effects on children, and spillover and network effects outside the household.

### **STOCKTON ECONOMIC EMPOWERMENT DEMONSTRATION (SEED)<sup>93</sup>**

California is home to the Stockton Economic Empowerment Demonstration, a publicly operated, privately funded pilot aimed to glean informative and compelling stories from the lives of the recipients as well as robust descriptive and correlational statistics which can complement the aforementioned stories. Beginning in 2019, disbursements of \$500/month will go to 100 participants for 18 months. This study will also use a randomized control trial design, with a control group of 200. Though the amount is not considered enough to cover basic needs, it is aimed to alleviate poverty and income inequality by targeting residents of the city whose income is below the area median income level. This pilot has a strong community engagement component, working closely with established community organizations in Stockton to both inform and get feedback and input from Stockton residents.

### **MAGNOLIA MOTHERS TRUST<sup>94</sup>**

Jackson, Mississippi is home to a small, privately funded basic income program launched in December 2018 called Magnolia Mothers. This one-year pilot will provide \$1,000/month to 15 black mothers in Jackson. One of the goals of this small pilot is to develop of proof of concept, that, if successful, will develop into a three-year pilot and study of 100 Jackson, MI families. The program seeks to address head on the racial and gender-based elements of poverty by targeting black mothers and providing them with a range of voluntary support services in additional to the unconditional cash transfer.



## EXPLORING CHICAGO OPTIONS

Chicago's track record of innovation and responsiveness sets us up well to be the largest city to pilot guaranteed income. Chicago can demonstrate how these programs work and be brought to scale, all while having an immediate impact on resident's lives and local community economies.

There are very few pilots underway and they do not get to the core of how Chicagoans would benefit or how a major American city would implement such a policy. Chicago pilot would provide rich insight into the local context (how individuals and communities are impacted) at the same time as being generalizable to other comparable regions (setting a framework for how to transition the pilot to policy and administer via government agencies).

In concert with the other pilots happening, Chicago can fuel a demonstration effect, vetting a new wave of social policy ultimately for federal adoption.

Given Chicago's limited scope to finance meaningful universal services for every resident, we recommend first piloting a basic income for a targeted subset of residents who face the greatest financial challenges.

## BENEFITS OF PILOT FOR POLICY

- Immediate economic benefit: Transferring cash to low-income families is highly likely to make them better off.
- Have impact: Show that guaranteed income reduces income disparity and helps Chicagoans be resilient against income instability.
- Producing actionable knowledge: A well-designed cash transfer experiment in a U.S. urban setting will enrich understanding of potential social policies. Chicago's pilot would be designed to generate policy-relevant knowledge. Won't resolve all questions, but will help policymakers arrive at better informed choices.
- Deepening evidence: In addition, Chicago's pilot would be structures to document how unconditional, unrestricted cash transfers are a promising policy intervention.
- Demonstration project effect: Influence state and federal levels and contribute to the national and global discourses.
- Narrative change: Change how social policy is made by changing the harmful and false narratives around people with low-incomes through story-telling.

Cities are uniquely positioned to lead the country forward through innovation and ferocious experimentation. As we near the 2020s, it is apparent that the nation will need a social welfare system built for this new century and its specific challenges. (National League of Cities and Stanford Basic Income Lab) <sup>95</sup>

## PILOT POLICY FEATURES

### GOALS

Reduce income disparity and hardship and help Chicagoans be resilient against income instability.

### RECIPIENTS

1,000 low-income Chicagoans. A sample of this size allows for considerable statistical power as well as increase the number of individuals that can benefit from the cash disbursement. Study participants will come from a variety of backgrounds, representative of Chicago's diverse makeup. A diverse group of study participants also allows for us to ensure the inclusion of historically underrepresented minorities, individuals from historically poor areas, and those working in sectors susceptible to employment volatility.

FAMILY SIZE	CHICAGO AREA MEDIAN INCOME
1	\$59,300
2	\$67,700
3	\$76,200
4	\$84,600

With limited time and funding, targeting the pilot policy to those most in need allows us to see the ways in which a guaranteed income can alleviate poverty and stimulate equity. The target population is based only on Area Median Income—those eligible will reside in neighborhoods that are below area median income level at the time of enrollment in the program—there are no other eligibility requirements. (Participants whose incomes change and exceed these cutoffs after enrolling will remain a part of the program.) This specification allows for the pilot to best replicate, in miniature, an eventual targeted guaranteed income policy, and/or how existing benefits can be improved. Acknowledging that youth and elderly experience economic insecurity to a great degree, eligibility should be considered for ages 18 and up to be able to attend to the needs of a wider range of Chicagoans and understand the differential impacts of guaranteed income between age groups. This can also help shed light on the efficacy of existing benefits for those in specific age groups.

## **AMOUNT**

Participants will receive \$1,000 per month. This figure is based on federal poverty guideline for family of 1.<sup>96</sup> A transfer of this size could make a substantial and sustainable change in people's lives and is well aimed at reducing and avoiding hardship.

## **FREQUENCY**

Payments would be made monthly. This will help smooth the unstable income flows and unpredictable expenditures that low income households often face.<sup>97</sup>

## **CONDITIONS**

Use of the funds would be unconditional. Recipients can decide how the income can best meet their unique needs and goals.

## **DURATION**

Participants will receive the disbursements for 1.5 years. This time frame is sufficient to see the effects of receiving the cash supplement. Eighteen months is the recommended minimum duration—this allows people to both use the money to take care of existing debts and immediate needs; it also allows them to start making plans for savings and future investments. The longer the pilot lasts, the more people will benefit and the more we can learn about the impacts of cash for Chicagoans.

## **OTHER BENEFITS**

We want to ensure that the pilot does not make people who are most vulnerable worse off by preserving eligibility for existing benefits such as SNAP, child care assistance, and Medicaid.

## **COST**

A minimum \$12 million per year will be needed for the cash disbursements. An additional stipend for participation in interviews, ethnographic studies, and surveys can be provided to those who give consent. Operations cost to be determined.

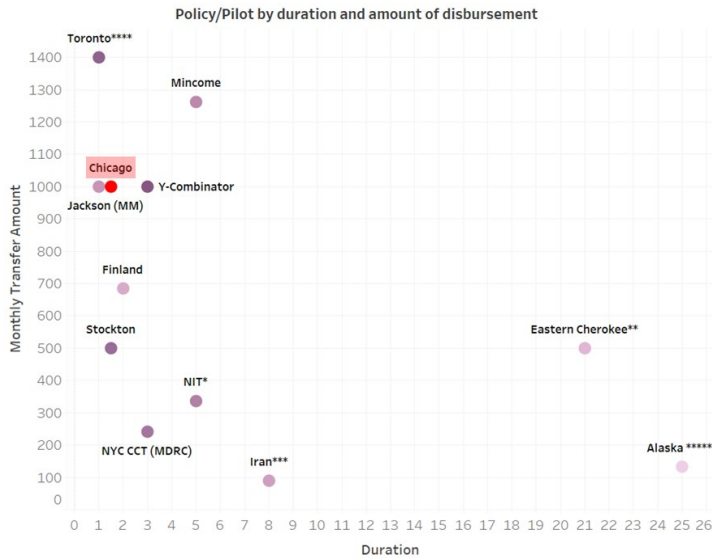
## **RESEARCH**

The goal of the study is to evaluate outcomes to refine policy plan and implementation process. Furthermore we hope to continually incorporate learnings to assure a functional, scalable policy and to build an informed narrative on the long-term impacts for Chicago. Research methods may include quantitative surveys (including a common module from other studies), qualitative Interviews, and ethnographic studies. To get the richest understanding of how a basic income makes a difference, researchers will also track a comparison group of individuals who are eligible but not receiving the basic income.

## FUTURE PLAN

Policy sustainability efforts will happen throughout including building political will and leadership, designing a robust and transparent administrative infrastructure, and determining sustainable funding mechanisms.

## HOW CHICAGO'S PILOT COMPARES TO OTHER BASIC INCOME INITIATIVES:



## NEXT STEPS

To successfully launch a pilot, a planning phase will be critical to fundraise, work out the operations, and finalize research design. Planning areas include:

**FUNDRAISING:** Financial considerations rank as one of the most crucial facets of conducting a policy pilot. It is clear that funding must be secured and insulated from being diverted elsewhere before the pilot has started. Subjects must be informed well in advance as to the minimum time line for their disbursement. Funding for policy pilots generally comes from two main sources: philanthropic organizations or from a government budget. Other sources may include grant or “in-house” funding (whereby the research organization may itself finance the pilot). Policy pilots and other such experimental endeavors tend to be funded via philanthropic, grant, and in-house sources. Of course, policy pilots tend to look to several sources of funding to meet budgetary requirements. Determining who will take ownership of the pilot and lead fundraising is a critical next step.

**INFRASTRUCTURE:** Map out the infrastructure needed to able to handle the cash disbursements, data gathering, and managing a host of other bureaucratic and administrative tasks. For instance, if enrollment into the pilot is based on an online website, such a site must be created and maintained. If there is a marketing component of the pilot (i.e. to ensure everyone has heard of it and will apply), then this, too, must be considered carefully.

**RESEARCH:** Translating a Basic Income pilot into actionable government programs requires a keen eye to answering at least two primary questions: how representative are the research findings for a discussion on a city-wide policy? How do effects change as the initiative is scaled up from a small-scale pilot to a full-fledged policy? Answering these questions best primes the policy for success when it is crafted into an eventual policy. Ultimately, good, objective research with promising findings helps drive conversations in

support of a policy initiative. In addition, research needs to account for understanding what may happen at scale. A Basic Income initiative with a thousand people is certainly going to be different than one with a million. Financing, for instance, is an obvious emergent variable: costs will certainly increase in a non-linear fashion as disbursement claims increase from a mere one thousand individuals to the size of an entire city. Infrastructure – online and physical – would be required to handle the larger size of individuals in the pool. Ultimately, in matters of scale, we are confronting forces that highly unpredictable ex ante; policies enacted in complex systems such as cities are bound to entail several unknown and unknowable variables.

**CONTINUED LEARNING:** The notion of iterative improvement is useful in allowing the policy flexibility in best fulfilling its objective. Designing roll-out in stages can advance this. The first wave of implementation can be useful in not only determining where things have gone well and according to plan, but also where things have gone awry and in need of improvement. By starting at a smaller level, this learning is relatively cheap and low stakes.

**PROTECTING PUBLIC BENEFITS:** The task force was unequivocal about preservation of existing benefits such as SNAP, child care assistance, and Medicaid. We want to ensure that the pilot does not make people who are most vulnerable worse off, and aim to maximize the benefits that recipients receive. Preserving access to benefits upholds rights to safety, dignity, and well-being for individuals and their households. Loss of medical care as a result of participating in a pilot could have life-threatening and/or long-lasting negative financial impacts. Equally important, the loss of nutrition assistance or child care, means that the basic income payment will likely supplant these benefits and may not improve a person’s well-being or reduce poverty. In fact the monthly value of child care assistance alone for even single child families may be higher than the basic income amount. In addition, there are important research and policy implications. Holding people harmless to public benefit loss allows us to test the impact of a robust safety net for people living in or near poverty that includes the income supplement as well as some key elements of the safety net such as medical care, nutrition assistance, housing, and/or child care; we could learn how a truly strong safety-net contributes to overall well-being. We will need to partner with governmental agencies to mitigate harm via policy change<sup>98</sup> and to provide participants and the public with accurate, consistent information and to minimize risks to recipients’ financial states.<sup>99</sup>

*Trading in benefits earmarked for the poor for a benefit like a guaranteed income, which is designed to provide financial stability to the middle class and the poor alike, would be regressive, a subtle way of taking money from those who need it the most and giving it to those who need it less. By contrast the families that would gain the most from a guaranteed income built on top of existing programs would be those who make the least, which is just as it should be.<sup>100</sup>*

Chris Hughes in A Fair Shot

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Guaranteed income can have powerful effects:

**SIGNIFICANT REDUCTIONS IN POVERTY; IMPROVED SCHOOL ATTENDANCE;  
AN INCREASE IN SAVINGS.**

these are goals every Chicagoan can get behind.



# | BEYOND CASH TRANSFERS

Paving a pathway to economic security for all Chicagoans goes beyond the reach of cash transfer programs. In our work we came across complementary actions the State of Illinois and City of Chicago can take to increase economic security and decrease poverty. To that end, policies should be explored in the following areas. While not an exhaustive list, this demonstrates the interconnectedness of the policy landscape and gives a not to what is actionable locally this year and beyond to foster economic security. Visit [www.economicsecurityil.org](http://www.economicsecurityil.org) to find out more.

## **INCREASE WORK STABILITY AND ECONOMIC SECURITY**

The importance of income from work for Illinoisans cannot be overstated. Earned income is the primary source of income for most households. Without protections built in, our current labor landscape means that for many, that income is unreliable and work is unstable. Workplace conditions are often unsafe, unfair, and provide no benefits for workers. There are a number of policy actions that will improve wages, conditions, and opportunities.

## **STRENGTHEN THE SAFETY NET**

Our safety net is inadequate and does not provide needed support to people struggling to meet their most basic needs. Safety net programs should be strengthened and expanded to mitigate against the worst impacts of poverty and to support individuals and families in gaining economic stability and moving out of poverty. No one should go hungry, forgo needed medical care or wonder where they will sleep at night. This includes increasing uptake and adequacy of SNAP, TANF, health insurance and child care assistance.

## **BOLSTER CONSUMER PROTECTIONS**

Consumer protections are critical in fighting against inequitable policy and practices that impact the everyday financial life of Illinoisans. Fines, fees, debt collection, and predatory financial products and practices actively strip wealth from families. Instead of predatory actions eroding wealth from communities that cannot afford it, strong consumer protections would support financial security.

## **INCREASE ECONOMIC MOBILITY**

Public policy is a powerful lever to create opportunities for savings and economic mobility. In particular intentional action to support savings for education can change the economic trajectory of youth profoundly. In addition, ensuring that our largest household expense, housing, is within reach, can free up resources needed to support work, childcare, and overall well-being.

5

# THE BOLD PATH FORWARD

*“Beyond these advantages, a host of positive psychological changes inevitably will result from widespread economic security. The dignity of the individual will flourish when the decisions concerning his life are in his own hands, when he has the assurance that his income is stable and certain, and when he knows that he has the means to seek self-improvement.”<sup>101</sup>*

Dr. Martin Luther King, Jr.



So, do these policy solutions live up to our values? Are they inclusive and fair? Unconditional? Decent and reliable? And do they enhance versus erode the set net? By most accounts yes. But of course the devil is in the details. There is much work yet to be done.

We are in a unique political moment in time with a new Governor Illinois and soon a new Mayor of Chicago. The time is ripe for these new leaders to translate these solutions to action. There is ample opportunity for the new leaders to put their imprint on the shape these solutions take and how they become a reality.

They won't need to do it alone. Both the task force members and those we have engaged along the way are eager to participate in establishing cash transfer solutions in Illinois. Community members and community organizations should be involved in the process from the beginning to the end. We know creativity will be necessary. That tough revenue conversations lay ahead. That false stereotypes about poverty still exist that lead to harmful policy-making. But given the gravity and reach of economic hardship, those must be surmounted. A more resilient city and state will result.

## FIND OUT MORE

### RESOLUTION CREATING THE CHICAGO RESILIENT FAMILIES TASK

<https://chicago.legistar.com/LegislationDetail.aspx?ID=3539769&GUID=9A111B49-B66C-44D7-93A2-85492E06C0E2&Options=Advanced&Search=>

### RESOURCES ON EITC

**Working Families Tax Credit:** <https://workingfamieliestaxcredit.org/>

**Institute on Taxation and Economic Policy:** <https://itep.org/category/tax-credits-state-policy/>

**Center on Budget and Policy Priorities:** <https://www.cbpp.org/research/federal-tax/policy-basics-the-earned-income-tax-credit>

### RESOURCES ON BASIC INCOME

**Basic Income Earth Network:** <https://basicincome.org/>

**City Toolkit:** <https://basicincome.stanford.edu/research/ubi-cities-toolkit>

**Commentary:** <https://medium.com/economicsecproj>

**Economic Security Project:** <https://economicsecurityproject.org>

### BEYOND CASH TRANSFERS POLICY IDEAS

[www.economicsecurityil.org](http://www.economicsecurityil.org)

## ENDNOTES

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# CHICAGO RESILIENT FAMILIES TASK FORCE REPORT