

Universal Basic Income in Illinois: Why we need UBI

Building an equitable future means restoring financial security for *all* Illinois residents. And lifting 650,000 of our neighbors out of poverty.

by Katherine Brown, Sherijay Beckford, Sado Marinovic, and German Shumakov



J. W. Iwanski, 2011. Creative Commons. Some rights reserved.

This page intentionally left blank.

COVID-19 showed the harsh reality that Illinois is unprepared to support WE the People during an economic crisis. At the height of the crisis, 1 out of 5 of our working neighbors lost their job—and *that's a conservative estimate*. Although some Illinoisans received a federally funded one-time cash transfer of \$1,200 for COVID-19 relief, this was not enough to fix the incredible personal financial crisis our neighbors are experiencing.

Many of our neighbors did not even receive a cash payment because they were college students (saddled with student debt), were married to non-citizens, or made too much (on paper—Illinoisans are saddled with private debt) among other arbitrary categorizations imposed at the federal level.

FUN FACT: Did you know that your federal tax dollars go to supporting cash transfers in countries around the world like Yemen? *Universal Basic Income is not a radical idea—we're actively implementing versions of it across the world.*

The U.S. Department of State announced in 2019 that it will better support vulnerable people in Yemen by adding \$25 million in aid to assist the Emergency Cash Transfer program, implemented by UNICEF. 1.5 million Yemeni households, roughly 9 million people, have better access to basic necessities due to the Emergency Cash Transfer program. This type of funding provides uninterrupted assistance to beneficiary households for 8 months. If the government can provide for 1.5 million households in Yemen, the question stands: *Why isn't our government providing uplifting assistance for WE the People?*

FUN FACT: Did you know that cash transfers have already been implemented in the United States?

Compton, California is launching the nation's largest cash transfer program, with plans to distribute regular cash payments to about 800 low-income residents for two years. It will begin by the end of this year. This summer, Atlanta, Georgia committed to participating in a cash transfer pilot program, joining the Mayors for a Guaranteed Income coalition, a group that includes the mayors of Seattle and Oakland, among others.

Stockton, California was set to wrap up its cash transfer project this year but decided to continue it due to the pandemic and its adverse economic effects. Research is ongoing, but early evidence shows that the money was spent responsibly. In Jackson, Mississippi, a group called Magnolia Mothers' Trust provided \$1,000 a month to 20 low-income (\$12,000 or less a year) mothers for one year. And Newark, New Jersey convened a task force that released recommendations for a similar program this past summer.

Universal Basic Income (UBI) in Illinois can change our state for the better. A UBI will improve Illinois's economy, equity, and financial security for our people and decrease poverty rates statewide.

Here's everything you need to know about UBI in Illinois.

Universal Basic Income in Illinois: Why we need UBI

When the COVID-19 pandemic began to hit our nation hard in March 2020, the federal government began implementing the most

important case for a Universal Basic Income ever done. They gave an additional \$600 per week to anyone who lost their job during the pandemic. The results were not shocking—per capita personal income skyrocketed after the first quarter of 2020, and people spent the money wisely. These people did not spend money on luxury items—they spent it on reducing debt and funding emergencies.

The money didn't last, though. The cash payments ended in July. As we know, people's need did not. People all across Illinois are struggling now more than ever to build a financially secure future for themselves and their loved ones.

For Illinoisans, the average student loan debt is \$37,600 for those who have attended some form of higher education. Over 1.5 million of our neighbors have some form of student loan debt, and 12.4%—**roughly 1 out of every 10 of us**—have outstanding student loans, meaning they are behind on their payments.

These loans are a heavy burden for most people, eating up large portions of their monthly income. When you add in our ever growing high cost of living, wage growth just barely matching inflation, and pay rates often not aligning with either education or qualifications, the promise of a better tomorrow with an education is dying here in Illinois.

Illinoisans, regardless of college degree, are also becoming increasingly unable to prepare for financial emergencies, major financial expenses, or retirement. Only 36% of workers in Illinois earning less than \$25,000 a year have access to a workplace retirement plan. Of the 60% of workers in Illinois earning between \$25,000 and \$49,999 each year, only 50% are able to participate in their workplace retirement plan.

For too many of our neighbors, retirement planning isn't something they're able to even think about. *Pre-COVID, 1 out of every 3 Illinoisans—and 2 out of every 5 Chicagoans—couldn't afford to make ends meet. Period.* Additionally, many of our neighbors can't afford a financial emergency costing \$1,000. We all know that more and more of our neighbors are falling behind since the pandemic.

"Rainy day" funds have been depleted in many households due to the COVID-19 crisis, *in households that had these funds available at all.* For single individuals and families trying to pay down their principal on student loans or private debts, trying to pay astronomically high housing and transportation costs, struggling with insurance (both car and medical) expenses, utilities, and just basic necessities—a rainy day fund is simply not in the budget.

Individuals living paycheck to paycheck have no opportunity to be financially savvy with their money—investing it or saving up for a home—or even spend money on the things they enjoy to have quality of life. Our neighbors are suffering from delayed financial security. Delayed financial security means less money to retire with, and in the long run, this can lead to a decreased health outlook, behavioral and physical, and shorter lifespans.

And even if we ignore all the dire circumstances that our neighbors are experiencing right now in the fifth largest economy in the country, we still find that one American value is struggling to survive today: entrepreneurship. The Illinois innovator cannot innovate if they cannot find the funds to do the unthinkable, to take the chance, or to follow the dream.

If consumers do not have the funds to purchase new products, the entrepreneur suffers. When the entrepreneur cannot thrive, we all suffer. Our small businesses

collapse, and we are left with corporate firms who destroy our communities with stagnantly low wages, environmental pollution, and monotony.

Illinois used to be a center for research, development, innovation, and promise. We led the world in moving basic goods to market, ensuring our farmers, our shopkeepers, our businesspersons, and our families had food on the table and money in their pockets.

We can still be that—we can be the oasis for the brightest minds to thrive in. When people are able to take chances and build innovative products, ideas, and services, all our lives improve. Our nation faces a critical shortage of innovation—Illinois can be the state that begins a renewal—a new era of creation. We can build a state *that we're proud to call home*.

How UBI in Illinois will Work

Universal Basic Income for Illinois is simple: every Illinois resident over the age of 18 will receive a guaranteed income of \$1,000 per month, every year, adjusted for inflation. That's an additional \$12,000 each year for every adult resident. UBI for Illinois would not supplant or replace anything you receive from social security income and *would not be taxed by the State of Illinois*.

Here's the best part: You can spend the money on what *you* feel is important for your welfare, your life, and your family. Think about what you could do with an extra \$1,000 per month (*the options are really endless*) ...

Some individuals may choose to reduce credit or student loan debts, while others may save it for a rainy day or emergency expense. Someone with an idea for a product may spend their money investing in building the prototype. A businessperson

may expand their services or purchase a new location. Someone else may donate all their UBI to a charity. Our precariously housed neighbors may finally be able to keep a stable home and start a new life. The extra cash may be just what our other neighbors need to embark on new adventures and live their lives authentically.

We all have our own priorities and dreams—Universal Basic Income will give you the freedom to expand your dreams and gain financial security. When we're all more financially secure, we'll grow and thrive together and be able to build the state that we know Illinois can be.

Why UBI in Illinois will Work

UBI in Illinois will push an estimated 650,000 Illinoisans out of poverty (roughly 46% of all impoverished Illinois residents). Many Illinoisans will have enough capital to financially invest in themselves and will be more inclined to do so because they won't have to sacrifice paying for necessities. UBI in Illinois will grow the average household income in the state by 20–30% on average **with some of our neighbors seeing a 60–80% income growth overnight**.

Studies have shown that direct cash payments have an economic impact of 150–200%. So, for every \$1,000 payment you receive, you're really putting \$1,500–\$2,000 into your community, helping raise the tide for all of us. More money will be circulating across Illinois, funding our communities through local markets. This will grow our local economies and improve Illinoisan's financial circumstances, improving the quality of life for all of us.

Most importantly, funding for UBI in Illinois will not come about at the expense of the average taxpayer. The Humanity First for Illinois plan will see UBI in Illinois fully funded through leveraging the booming

financial market in the state—not through a transaction tax, like other states like, but through building an environment for the financial market that attracts new traders, protects existing business, and ensures that we take care of our people.

Illinoisans already experience a high cost of living that is showing no signs of decreasing. We need solutions that will financially support Illinoisans without costing our households another dime.

The evidence shows that people in Illinois have fewer choices on how they spend their money. People without discretionary income have greater difficulty saving for emergencies or for a home. They have greater difficulty paying off their debts faster, saving up for their children's braces or their child's dreams, or paying for the care of other family members. They cannot live how they want to—only how they have to.

UBI in Illinois goes far beyond just giving our neighbors \$1,000 each month. We will have freedom because we will give everyone the financial ability to be able to finally choose. To choose to be innovators, to choose to build a family, to choose to work, to choose to build, and to choose to invest in themselves.

Illinoisans are making hard financial decisions, ones that can have consequences on our futures and our health.

Our leaders must be encouraged to think beyond just providing tax credits for businesses, raising taxes on the wealthy, and cutting spending on services people need.

Give people cash—let us spend it how we want to. When our leaders stop thinking small and start thinking about impacting all of us—UBI will be possible. A better future will be possible.

Common Criticisms Against UBI

Criticism #1: “Poverty is not just an income-related issue.”

REALITY: There are indeed many factors that go into poverty—and starting with UBI does not mean we end the fight against poverty there. This is just one step of what is realistically *many steps*—but we must be willing to take the first step. Think of all the life situations that an extra \$1,000 a month could help you and your neighbors with. From child care to caring for an aging parent, from saving up for transportation to go to work to taking the leap to work for yourself, from paying down debt or saving up for a home—these are all things that UBI could help with. It could be a lifeline in a situation that otherwise could have severe consequences. UBI is the first step in the fight against poverty that enables all of us to make positive choices for ourselves and our families.

Criticism #2: “Giving UBI to rich people isn't fair.”

REALITY: Universal Basic Income by its very nature is fair because it is the *only solution that does not discriminate against people based on how much money they make*. No one is penalized for their income level. By not penalizing those who perhaps would not rely on UBI, we're ensuring equal access across the board and limiting accusations of discrimination. UBI without income disqualification is also much more likely to be passed and supported, because no one is excluded.

Criticism #3: “UBI just gives people an excuse to not work.”

REALITY: There are two responses to this criticism. The first issue to come to terms

with is the fact that Illinoisans work too much, already. The majority of people in America work *far more* than the average worker in Europe or Latin America, and Illinoisans pride ourselves on being among the most hardworking Americans out there. This is damaging to our health and taking our work home with us means our stress never ends. If people may indeed work marginally less hours, as evidence suggests, then it is because they've been given a *choice to do so*.

That's not a negative byproduct of UBI, though—It's you, your family, and your neighbors reclaiming your freedom. This is the second issue that Illinois needs to come to terms with: Illinoisans should not have to choose between putting bread on the table and... everything else. Right now, our neighbors—and maybe even you—are choosing between raising children, caring for a loved one, taking that leap of faith, or working to put bread on the table. In a state that has a larger economy than the leading nations that are the happiest in the world—we shouldn't have to choose. We should be able to do it.

Q & A

Who will get UBI?

You! All Illinoisans older than 18 residing in the state for 12 consecutive full months or more are eligible while they maintain permanent residency in the state.

I am an undocumented resident of Illinois—will I qualify?

Yes! Those who can prove their residency in Illinois will qualify. **Citizenship is not a requirement for an Illinois UBI.**

How much do I get?

Under our proposal, every eligible individual will get \$1,000 a month, or \$12,000 a year.

How will UBI be funded? Will my state income tax increase?

There will be no income tax increases for the people of Illinois. The Humanity First for Illinois plan calls for a state excise tax on financial derivatives traded through businesses, traders, brokers, and any other organization affiliated with Illinois. **This is not a transaction tax.** Humanity First for Illinois believes in building an environment for the financial market that attracts new traders, protects existing business, and ensures that we take care of our people.

What can I spend UBI on?

Anything! You can spend your UBI on whatever you want, whether it is rent, food, student loans, or other expenditures you want to cover.

Does UBI replace other welfare benefits like SNAP?

All existing welfare programs such as SNAP and Social Security will continue to operate. UBI will stack with all benefits from them. Some individuals near the SNAP ceiling currently may be pushed out of the income limit and will not be able to qualify for SNAP any longer. This should impact few individuals and will not represent the majority.

Won't people just waste their UBI on negative things like alcohol and drugs?

Maybe—but studies of cash transfers have shown no significant increases in the purchase of alcohol or drugs, and these individuals represent less than 6% of all cases of cash transfers. Also, if our neighbors are spending their UBI in our local communities—that’s good for all of us as it increases the local tax base for our villages and the state.

Why would those in power support UBI?

We need an innovative solution to problems like economic inequality, which have caused us to talk about UBI in the first place. Illinoisans deserve better lives, and the implementation of our UBI proposal will positively affect all of us by mitigating these issues. If our leaders care about the people, they will support UBI because it gives Illinoisans a chance to help ourselves and pursue a better life.

The 2019–2020 COVID-19 pandemic has shown us one thing clearly—the overwhelming majority of people in Illinois are financially vulnerable and there is no safety net in place for them. The conversation nationally shifted to quick, one-time cash payments to individuals, when the reality is that the economic consequences of this pandemic are going to stretch further than \$1,200 will ever go. Let alone the preexisting economic conditions that left one-third of our neighbors struggling to make ends meet before 2020.

When our nation’s capital is so viciously divided, the state and our elected officials are legally and morally obligated to do their duty to the people of Illinois. They must act swiftly and without reservation. Illinois has the opportunity to make history (again) not for the sake of making history—but for the sake of our future. A Universal Basic Income for Illinois residents would ensure that all of us have the chance to pick ourselves up before we fall down. We will have the freedom to take that leap of faith and follow our dreams—lifting our communities up in the process.

Katherine Brown is the Policy & Constituent Advocacy Coordinator, **Sherijay Beckford** is a Policy Associate, **Sado Marinovic** is a Policy Associate, and **German Shumakov** was the Summer 2020 Policy Intern – UBI (now Economic Equity/Research).

The authors would like to thank Jay La Plante, Harang (Lydia) Kang, Peiyi Zhang, and Taylor Lenburg for their contributions to this article.

Designed by Humanity First for Illinois
Copyright © 2020 Humanity First for Illinois. All rights reserved.
Humanity First for Illinois is not authorized by any candidate or candidate’s committee.