Guaranteed income programs unlikely to improve health but still a valuable tool for alleviating poverty

July 30 2024

Credit: Pixabay/CC0 Public Domain

Guaranteed income programs don't appear to improve the health of recipients, but they remain an important tool to consider for reducing
poverty, according to research from University of Michigan and others.

The findings come from research released by OpenResearch's Unconditional Income Study, which gave 1,000 adults $1,000 per month for three years. The randomized controlled trial examined the effects of the cash transfers on recipients, including their overall health, employment outcomes and how they spent the money.

Leading the study on health effects was Sarah Miller, U-M associate professor of business economics and public policy. She said the cash generated only short-lived (one-year) improvements in stress and mental health and no effect on physical health, as measured by self-reports.

Not seeing a longer-term reduction in stress was a disappointment, Miller said, since that could be one way that more income improves health.

"There's so much energy in health policy now for addressing 'social determinants of health'—and poverty in particular," Miller said. "Could cash transfers be the way to meaningfully and effectively reduce health disparities? It's hard for me to look at these results and say yes."

However, Miller notes she and her colleagues found an overall increase in visits to hospitals and dentists. It's possible the uptick in medical care could improve health over a longer time horizon.

Participants, who were mostly recruited by mail in a diverse set of counties in Texas and Illinois, were asked if they would be interested in a study in which they would receive at least $50 per month. Of the 14,000 respondents who consented, researchers drew a weighted random sample of 3,000 to ensure racial and income diversity.

All of those in the latter sample group were enrolled in a monthly cash
transfer program of $50, and 1,000 of them were selected randomly to receive $1,000 a month. Researchers reasoned the control group should continue to receive the smaller amount so they would be more likely to participate in future surveys.

In the employment-related study, Miller and colleagues found that $1,000-per-month recipients worked roughly 1.4 hours fewer per week on average. She said she doesn't view that as negative—time away from work is something they value and she views that as a "reasonable thing to use the payment on."

Not surprisingly, when it came to spending, the research also showed increases in consumption of food, leisure, transportation and housing. The participants boosted their spending in those areas by roughly $300 a month.

While those expenditures didn't appear to improve health, they did provide financial flexibility and freedom—"a feature of cash, not a bug," said Miller, also a co-author on the employment and spending studies.

"If the policy goal is to improve health specifically, there are health-targeted interventions that we know work: make medical care cheaper, expand coverage, reduce barriers to initiating a primary care relationship," she said.

"I am personally in favor of more cash transfers and think that the U.S. should do more to help alleviate poverty. It's important to know what cash transfers can and can't accomplish, though, so we can make good policy decisions."

Both studies can be found in the National Bureau of Economic Research Working Paper Series.


Provided by University of Michigan

Citation: Guaranteed income programs unlikely to improve health but still a valuable tool for alleviating poverty (2024, July 30) retrieved 20 August 2024 from https://phys.org/news/2024-07-income-health-valuable-tool-alleviating.html

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.