

Exploring the Relationship between Guaranteed Income Strategies and Health

The Impacts of Income on Health in San Mateo County

Income is a known key factor in health equity as it can impact many, if not all, social determinants of health pathways.¹ When individuals have adequate and stable income and employment, they are more likely to afford basic needs such as stable and safe housing, have greater access to resources that protect and improve health such as healthcare, healthy foods, education and childcare, and transportation, and live in safe neighborhoods of opportunity.² Households with lower incomes report poorer health and have a higher risk of disease and/or live a shorter life. Income also impacts mental health outcomes, where financial hardship can lead to higher rates of depression and stress, and subsequently more health problems.³

In San Mateo County, a county with one of the highest cost of livings in the nation, the relationship between health and income is even more pronounced. With a median income of \$138,500, households need to make over \$6,300 a month to maintain a modest standard of living.^{4,5} When budgets are being squeezed due to unaffordable housing and rising costs of living, accessing basic needs critical for health becomes near impossible.

Around 50% of households who rent in San Mateo County are rent burdened and reside in the poorest census tracts.⁶ Further, up to 6.6% of San Mateo County residents are food insecure and it is likely that these individuals fall in the 6.8% of the population that are living below the poverty line and reside in the poorest census tracts where residents of color are primarily concentrated.^{7,8} Additionally, 12.1% of San Mateo County residents do not have health insurance and most of these individuals reside in the poorest census tracts, which have the lowest life expectancy in the county.⁹

Further, a strong predictor of poor lifelong health is reading deficiency, and in San Mateo County, there is a large reading deficiency among third grade children from low-income families and school districts, as compared to children from high-income families and school districts.¹⁰

¹ <https://news.blueshieldca.com/2021/04/16/how-guaranteed-income-will-change-health-equity-among-californians>

² <https://www.gethealthysmc.org/healthy-housing>

³ <https://www.urban.org/sites/default/files/publication/49116/2000178-How-are-Income-and-Wealth-Linked-to-Health-and-Longevity.pdf>

⁴ <https://247wallst.com/special-report/2020/07/24/most-expensive-place-to-live-in-every-state/2/>

⁵ <https://www.propertyshark.com/Real-Estate-Reports/most-expensive-zip-codes-in-the-us>

⁶ <http://www.gethealthysmc.org/healthy-housing-data>

⁷ <http://www.smcalltogetherbetter.org/indicators/index/view?indicatorId=2107&localeId=278>

⁸ http://www.gethealthysmc.org/sites/main/files/file-attachments/food_insecurity_presentation_final.pdf?1479408568

⁹ <https://www.smcalltogetherbetter.org/indicators/index/view?indicatorId=90&periodId=244&localeId=153985>

¹⁰ <http://www.gethealthysmc.org/healthy-schools>

This decreased ability to afford food, housing, health insurance, and educational opportunities perpetuates the cycle of poor health.

Racial disparities in income are also continuing to widen in San Mateo County where the median household income for Black residents at \$73,493 is roughly half of that for Whites who earn \$142,925. Median household income for Latinx and Pacific Islander householders is also lower than the county's average and the average for Whites.¹¹ Latinx residents comprise a disproportionate share of those living in poverty at 29.1% despite representing 24% of the county's population.¹² And finally, Black residents comprise 2.7% of the individuals living in poverty, while representing 2.1% of the county's population.¹³

Family Income Challenges during the COVID-19 Pandemic

The COVID-19 pandemic has exacerbated the hardships facing low-income families by limiting or eliminating many of the income streams that households rely on to support themselves and their families. By February 2021, San Mateo County lost nearly six years of job growth.¹⁴ These job losses hit low-income, communities of color, and minority workers the hardest.¹⁵ San Mateo County saw the greatest net job loss of around 35% among the leisure, accommodation and food services industries which are the lowest paid industries in the county with an average annual pay of \$30,000, and often reflect a concentration of workers of color.¹⁶

An Overview of Guaranteed Income

Policy initiatives that supplement income can directly improve educational opportunities, housing prospects and social mobility, which in turn can reduce poverty and lead to improved downstream health outcomes.¹⁷ An emerging strategy that enhances income is a guaranteed income program. Guaranteed income can help address racial inequities in economic security, provide a temporary safety net to transform crisis to resilience in the wake of COVID-19 and other crises, and support economic mobility beyond the program.

There are several guaranteed income programs that have arisen across California in the past few years including programs in [Oakland](#), [San Francisco](#), [Marin County](#) and [South San Francisco](#), as well as a notable program in [Mississippi](#), [The Magnolia Mother's Trust](#).

Guaranteed income programs are structured to provide unconditional cash transfers within a select timeframe usually ranging from 6 months to 2 years, to primarily individuals in the lowest income brackets. Although some programs are including additional criteria for targeting these resources such as being pregnant and experiencing higher risk factors for poor outcomes in maternal and child health.¹⁸

¹¹ <http://www.smcalltogetherbetter.org/indicators/index/view?indicatorId=2107&localeId=278>

¹² <https://datausa.io/profile/geo/san-mateo-county-ca>

¹³ <https://datausa.io/profile/geo/san-mateo-county-ca>

¹⁴ <https://www.labormarketinfo.edd.ca.gov/geography/sanmateo-county.html>

¹⁵ <https://www.kff.org/coronavirus-covid-19/issue-brief/tracking-social-determinants-of-health-during-the-covid-19-pandemic/>

¹⁶ <https://www.labormarketinfo.edd.ca.gov/geography/sanmateo-county.html>

¹⁷ <https://www.newamerica.org/ca/reports/guaranteed-income-and-health-equity/>

¹⁸ <https://sfmayor.org/article/mayor-london-breed-announces-launch-pilot-program-provide-basic-income-black-and-pacific>

The key to these programs is the flexibility to use these funds to address any hardships that may arise that disrupt access to basic needs including food, transportation, housing, childcare/education, health insurance, and more---all of which play an important role in mental and physical health outcomes.¹⁹

The idea is that by directly increasing an individual's income, this could improve their well-being immediately across a range of important outcomes, such as by increasing consumption of necessary goods like food or healthcare. It could enable behaviors that are beneficial for accessing economic opportunities over the long-term, such as investing in necessary upskilling, career training, or credentials. Essentially, the goal with these unconditional cash transfer programs is to create a stabilizing impact on the most vulnerable individuals.

Short-Term Effects of Guaranteed Income

Studies have shown the immediate connection between guaranteed income programs and greater health equity. Preliminary feedback supports a positive connection between receiving guaranteed income and mental and physical health, food security, housing stability, family responsibilities and the ability to afford medical expenses.

The Stockton Economic Empowerment Demonstration (SEED) experiment, based in Stockton California, found that guaranteed income reduced income volatility, which in turn had a positive impact on health and well-being. Individuals who had received guaranteed income were physically and mentally healthier compared individuals who did not and compared to themselves at baseline because they were less stressed about the financial burdens they were facing. Mental health was measured using the validated Kessler 10 scale and physical health was measured using the validated SF-36 scale, which are scale-based questionnaires that ask about feelings of anxiety, depression, and physical function.²⁰

Some individuals in the SEED program reported that at times they did not know where their next meal was coming from and that with the help of guaranteed income, this was no longer a daily stress. The study found that almost 40% of SEED money went to food purchases.²¹ In Mississippi, The Magnolia Mother's Trust, found that there was a 17% increase in participants ability to have enough money for food. This was notable due to the rising food costs during the pandemic and the inability to rely on free school lunches for children due to school closures.²²

Guaranteed income programs have also allowed individuals to prioritize their health by providing the necessary funds to afford various health-related expenses and housing. The Magnolia Mother's Trust program found that medical debt from out-of-pocket medical expenses decreased among many of the participants and there was a 25% increase in health insurance coverage.²³ Similarly, the SEED program found a 10% increase in participants ability to make payments on their medical debt.²⁴ Individuals from the SEED program have reported that the cash transfers have allowed them to pay for rent or utility bills

¹⁹ <https://www.newamerica.org/ca/reports/guaranteed-income-and-health-equity/>

²⁰ <https://www.stocktondemonstration.org/#summary-of-key-findings>

²¹ <https://www.stocktondemonstration.org/participant-stories/laura>

²² <https://springboardto.org/wp-content/uploads/2021/05/MMT-2.0-Evaluation-Two-Pager.pdf>

²³ <https://springboardto.org/wp-content/uploads/2021/05/MMT-2.0-Evaluation-Two-Pager.pdf>

²⁴ <https://www.stocktondemonstration.org/#summary-of-key-findings>

without having to worry about whether they had enough money saved if they had spent money elsewhere.²⁵

Guaranteed income programs also provide extra cash for individuals who can then use it for the activities or items that they otherwise would not have had the money or time for but support a higher quality of life for themselves and their families. Many participants in the SEED program reported that they were able to have extra cash to spend on their children or family. One participant said that they were able to pay for their son's summer football camp fees. Another said that they were able to take more time off work to spend with their children and throw them birthday parties.²⁶ The Magnolia Mother's Trust program found that there was an increase in the number of children enrolled in school despite the switch to remote learning. They also found a 21% increase in the number of mothers who were able to regularly purchase new clothes for their children.²⁷

Long-term Effects of Guaranteed Income

Guaranteed income programs are fairly new therefore the long-term implications of providing limited cash transfers to individuals are still being observed. However, there is evidence to support that individuals who receive guaranteed income can secure better, more stable employment and as a result are able to invest in securing long-term economic stability which can improve overall health beyond the program. Some participants in the SEED program leveraged their cash transfer to find full time employment. The study saw a 12% increase in employment after the one-year time period and participants who received a guaranteed income went from part-time to full-time employment at more than twice the rate than those who did not.²⁸ Participants were able to take risks by seeking more secure employment because they had economic flexibility and the financial security of the cash transfer to fall back on. Participants were able to reduce the number of part-time shifts or gig-work in order to seek out these quality job positions or complete trainings or internships that lead to full time employment or promotions. Essentially, guaranteed income allowed individuals to reallocate resources and take economic risks in a way that facilitated seeking better job opportunities that could provide a steady income flow beyond the program.

Conclusion

Guaranteed income programs provide the economic flexibility and extra financial cushioning that allows families to afford the basic necessities during periods of instability, which can ultimately support their overall health and well-being. Recipients are more equipped to take care of themselves and their families and have access to greater opportunities for improving their health, including the ability to pursue greater economic advancement over the long-term. Most importantly, it empowers individuals to have the agency to make health focused decisions for themselves and their families as they see fit, acknowledging that they are the experts in their own lives. This will be an important strategy to continue to research and track over the long-term. It reflects a promising solution for reducing key racial

²⁵ <https://www.stocktondemonstration.org/#summary-of-key-findings>

²⁶ <https://www.stocktondemonstration.org/#summary-of-key-findings>

²⁷ <https://springboardto.org/wp-content/uploads/2021/05/MMT-2.0-Evaluation-Two-Pager.pdf>

²⁸ <https://www.stocktondemonstration.org/#summary-of-key-findings>

and economic equity gaps and ensuring all people and their families have access to the financial security and opportunities they need to live long healthy lives.