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What would it take to ensure that every family can achieve and maintain financial security?

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About Urban's Next50

The Urban Institute was founded 50 years ago by President Lyndon B. Johnson to provide "power through knowledge" to help solve the problems that weighed heavily on the nation's hearts and minds. Today, we're exploring promising solutions to advance equity and upward mobility and identifying what transformational leaders need to know to drive forward groundbreaking ideas. This brief is one of our eight-part Catalyst series, in which we share what it would take to advance bold solutions over the next 50 years.

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Acknowledgments

To produce this Catalyst brief, the Urban Institute engaged a diversity of changemakers in the financial well-being field, including experts, advocates, practitioners, and policymakers working to help people secure better economic conditions through earnings, savings, improved credit access, and increased financial knowledge. Through a series of conversations, these changemakers proposed knowledge gaps that keep innovators from advancing change and discussed potential solutions to pressing financial security challenges. Engagement began with a roundtable discussion on June 12, 2018, and continued with individual engagement with experts in the following months. The authors extend a special thanks to the changemakers who engaged in this process and generously offered insights for this brief:

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What would it take to ensure that every family can achieve and maintain financial security?

Families are financially secure when they are able to meet basic living needs, manage their daily finances, be resilient to financial shocks, and plan for their future with confidence. Financial security is the foundation for providing children a healthy start, investing in education or training, taking risks to start a business, contributing to the community, building wealth for the future, and living a life of security and dignity. This is the economic promise at the heart of the American dream, but realizing this dream for every family will require actors from all corners of society—at all levels of government, as well as business, nonprofits, and philanthropy—to work toward bold solutions, such as these:

- Federal lawmakers ***establish a stable income floor*** for a broad range of economically vulnerable families by expanding income support or guaranteeing a job with a nonpoverty wage to anyone seeking work.
- State and federal policymakers ***expand insurance coverage*** to better protect families' wages and wealth from economic volatility and other forces beyond their control.
- Financial technology (fintech) entrants, incumbent financial services firms, government, social entrepreneurs, and nonprofit service organizations apply data and technology to design financial products and services that ***enable all families to fully participate in America's financial system***, especially economically vulnerable families.

These complementary solutions would provide a stable financial foundation on which low- and moderate-income families could build secure economic futures.

Audacity is required because the needs are profound. Despite the recent economic expansion, nearly 40 million Americans live in poverty (Fontenot, Semega, and Kollar 2018). Work alone is no guarantee of freedom from material hardship. More than one-third of nonelderly adults in families with at least one worker reported difficulty paying for food, shelter, or medical care (Braga, Brown, and McKernan 2019). Negative financial shocks are common (60 percent of Americans experience some such shock within a year) while the means to weather those shocks is lacking (Pew Charitable Trusts 2015). Forty-one percent of Americans report they would struggle to cover an unplanned expense of $400 (Board of Governors of the Federal Reserve System 2018). All of this is in the context of a long history of racial inequity that means that families of color are especially exposed to the risks of financial disruption. Black and Hispanic households have substantially less wealth to fall back on during emergencies, which can extend pressure to their friends and relatives, and when they can access credit, they often do so on less favorable terms than white families.[1]

Changemakers are not sitting idle. Elected officials are advancing policy proposals to provide greater financial security to working and vulnerable Americans and to narrow economic and racial inequalities, often drawing from international experiments and successes. And a new generation of mission-driven companies and nonprofits, as well as incumbent financial institutions, are experimenting with new technologies, product designs, and delivery channels to create financial services that help families manage their finances. Still, these changemakers face critical knowledge gaps that will need to be bridged before solutions can be fully realized.

- Federal lawmakers and advocates do not have the data or evidence about how different universal basic income programs could affect key outcomes, such as families' overall financial well-being and work decisions, or about program costs. These changemakers need a common yardstick for evaluating competing proposals, such as a rigorous microsimulation model that estimates economic outcomes under different policy alternatives.
- State and federal policymakers increasingly recognize that current forms of unemployment insurance fail to serve important and growing segments of the modern workforce but lack a robust evidence base for evaluating and prioritizing potential reforms. Experimentation with new policies, coupled with new models for simulating policy outcomes, would allow policy-makers to develop reforms that more effectively serve the needs of workers and the economy.
- Policymakers at all levels of government, along with nonprofits and philanthropies, lack data and evidence to assess how climate change and disasters affect family financial well-being and what solutions are needed. Building new data resources and new evidence about the effects of climate change events on financial health would help local, state, and national decisionmakers and financial institutions prepare for and respond to events to meet the financial needs of families affected by natural disasters.
- There is a deficit of information available to policymakers and private industry about the viability and political feasibility of forms of wealth insurance. A first step in advancing wealth insurance is establishing knowledge-sharing forums for the many actors touching America's financial markets: financial institutions (including lenders and insurers), federal and state insurance regulators, and consumer groups. Forums could vet and evaluate new products and

develop forecasting models that test the effects of different economic shocks on family well-being and the macroeconomy.

- Fintech entrants, incumbent financial services firms, social entrepreneurs, and nonprofit service organizations are using technology and consumer data to design financial products and services, but they are often doing so with incomplete information about consumers' financial lives. With a more nuanced understanding of the contexts in which consumers make financial choices, nonprofits and mission-driven companies could build and refine new products, services, and features that help low-income and vulnerable consumer segments better meet their financial needs.

This brief draws from an expert roundtable discussion and interviews with thinkers and changemakers working to increase financial security among American families. These conversations brought to the fore innovative solutions under exploration and development and identified areas where new knowledge-building could accelerate change and ensure that the coming decades will advance inclusive developments in financial well-being.

Advancing Solutions: Boosting Income, Protecting Wealth, and Expanding Access to Quality Financial Products

The financial challenges American families face are varied and complex; therefore, solutions will need to be multipronged and well targeted. The solutions we explore below are not exhaustive but, if pursued, could make great strides at increasing economic security for many people who would otherwise be at risk.

- The first solution set emphasizes establishing a stable income floor so families have the resources to meet their basic needs.
- The second solution set aims to preserve income and wealth gains made by families in the face of various sources of volatility that are often beyond their control.
- The third solution set looks to expand access to high-quality financial products and services that empower people to save, transact, access credit and liquidity, smooth income, and plan their financial lives.

Changemakers can look to progress that has already been made (e.g., existing pilots, demonstrations, and products) to understand what holds potential and what else needs to be learned.

Solution Set 1: Establish a Stable Income Floor

The social safety net is intended to address the needs of families facing hard times and provide a platform from which to work toward self-sufficiency by offering such benefits as food assistance, housing, and health care. But the safety net does not catch everyone, benefits are often insufficient to prevent economic hardship, and people looking for stable work at adequate wages are not guaranteed to find it. Even accounting for the benefits provided by current programs, nearly 14 percent of Americans, including millions of working adults, live in poverty (Fox 2018). Policymakers can confront this reality by rethinking how to ensure that all Americans have a stable income to meet basic living expenses, whether through work or income supports.

Two approaches under debate by advocates, academics, policymakers, and 2020 presidential candidates include variants of a **universal basic income**, a regular and guaranteed income stream high enough to meet basic needs, and a **job guarantee** program that promises anyone seeking employment a job with a nonpoverty wage. As proposals are advanced, they raise challenging questions about how best to design and pay for programs that adequately meet families' needs while appealing to shared values of fairness, work, and dignity.

Provide a Universal Basic Income

In 2017, nearly 4 in 10 US adults experienced some form of material hardship, such as the inability to meet financial obligations, unmet medical need, and food insecurity (Karpman, Zuckerman, and Gonzalez 2018). Existing safety net programs, such as food assistance and Medicaid, reduce but do not eliminate material hardship (McKernan, Ratcliffe, and Iceland 2018). A true **universal basic income** would provide all families an income sufficient to cover basic needs, regardless of circumstances. Variants might provide less generous benefits, condition those benefits on work, or target benefits based on income. Several pilots and policy proposals already exist in the US and abroad, testing and considering such programs.

One model for providing truly universal payments is dividend programs that disburse relatively equal benefits from some earmarked fund to everyone who qualifies based on residency, citizenship, or other broad eligibility criteria. In the United States, the Alaska Permanent Fund dividends and Eastern Band of Cherokee Indians' casino dividend pay benefits to all residents or citizens, including children, on the basis that the income-producing resources (oil and gaming revenues, respectively) are communal property (Marron and Maag 2018).[2] Incorporating the view that environmental resources can, similarly, be viewed as communal property, Marron and Maag (2018) propose that, were a national carbon tax to be implemented, it could fund a national carbon dividend to all US citizens and permanent residents, regardless of employment.[3] Although such programs and proposals are universal, they typically do not provide a basic income. The Alaska Permanent Fund has generally paid between $1,000 and $2,000 per resident each year, while the Eastern Band of Cherokee Indians' casino dividend was as high as $9,000 per member in 2006. Marron and Maag's proposed annual carbon dividend is more modest, at about $570 per adult and $285 per child.

Two small-scale universal basic income demonstrations—one in Stockton, California, and another in Finland—also provide benefits with no strings attached. The Stockton Economic Empowerment Demonstration is providing 100 Stockton residents $500 a month for 18 months, while Finland's basic income experiment, which ended in 2018, gave 2,000 unemployed people the equivalent of roughly $700 a month for two years.[4]

Other demonstrations and proposals provide benefits at levels that provide a basic income but are not universal. A pilot in Ontario, Canada—the Ontario Basic Income Pilot Project, which ended in March 2019—provided benefits regardless of employment status but reduced benefits when recipients' incomes rose.[5] This phaseout of benefits as income rises targets benefits to the neediest residents, keeping costs down. A distinguishing feature of the Ontario pilot is the substantially higher benefit level, about $1,400 a month for a single person and $2,000 a month for a couple. Basic income programs of this form resemble earlier income maintenance experiments conducted in the United States and Canada in the 1970s (Munnell 1986).

"A basic income can be a tool that helps to set an economic floor, creating an environment where people can lift themselves up."

—***Michael Tubbs,*** *Mayor of Stockton, California*

Two recent proposals—Senator Kamala Harris's Livable Incomes for Families Today (LIFT) Act and the Economic Security Project's Cost of Living Refund—would condition benefits on engagement in some form of economic or educational activity, in addition to phasing out as incomes rise.[6] Both proposals define qualifying activities that include work.[7] For example, both proposals include low-income students, and the Cost of Living Refund includes home caretakers.[8] Both proposals also phase in with earned income, but because this phase-in is steep—dollar for dollar with earned income—few low earners receive less than the annual maximum benefit ($3,000 per worker for LIFT and $4,000 per worker for the Cost of Living Refund). Unlike the earned income tax credit (EITC), the benefits depend on filing status, instead of the number of qualifying children, which reduces the complexity of administering the credits and substantially increases benefits for childless workers who currently receive only a modest EITC.

Designing and implementing any form of a basic income would pose challenges. A central issue is how to integrate a universal basic income program with existing safety net programs, such as nutrition assistance, as well as other income supports, such as the EITC and Social Security. Should a new basic income program exist alongside those programs, or should it replace some or all of them? And how would the basic income be treated in calculating eligibility for other benefit programs? The distributional implications of these program decisions would need to be evaluated. For example, cuts to existing targeted benefit programs could leave some people, such as those with high housing or medical costs, worse off (Greenstein 2017).

A myriad of program parameters also needs to be established, such as who is eligible (is the program universal, targeted, or conditioned on participation in work or other activities?), whether the benefit is truly intended to provide a basic income, whether benefits phase out as income rises (if so, how should they phase out?), and the implications of those program parameters on family well-being, work decisions, and the broader economy. How to finance a universal basic income program is also likely to present a major challenge. The cost of a truly universal basic income program would likely run to hundreds of billions of dollars a year. Senator Harris's LIFT Act, for example, is estimated to cost about $300 billion a year, making it about five times as large as the EITC.[9]

Establish a Job Guarantee Program

Another approach to establishing an income floor would be to ensure the availability of high-quality jobs that pay sufficient wages and benefits by establishing a job guarantee program. A job guarantee program would address earnings volatility by guaranteeing a stable, nonpoverty wage to anyone seeking work by offering a "public option" of such employment. A public job guarantee could also spur competition in the private sector to increase job quality for all workers.[10]

"A national job guarantee protects the dignity of work. It sets a standard for fair wages, hours, and benefits, and gives workers the power to demand those same things from the private sector."

*—**Darrick Hamilton,** Kirwan Institute for the Study of Race and Ethnicity at Ohio State University*

Action around job guarantees has been limited, but in 2018, Senator Cory Booker proposed the Federal Jobs Guarantee Development Act, which would create a US Department of Labor–led pilot in 15 sites to test a job guarantee program.[11] The proposal was modeled on Paul, Darity, and Hamilton's (2018) National Investment Employment Corps proposal and would offer guaranteed jobs at a wage at or above the federal minimum wage and include benefits, such as health insurance and paid sick and family leave. Booker's proposal focuses on jobs that provide public goods (e.g., infrastructure) and service jobs (e.g., caretaking). With legislative requirements to implement the job guarantee pilots in varied settings (e.g., urban and rural areas, tribal areas, and high-unemployment areas), the pilots would yield insights into how differing local economies might be affected by such a large federal program.

Before a national job guarantee program is implemented, it will be important to understand the potential effects on wages, workers' geographic mobility, and private employment under different designs, as well as program costs. Booker's proposal creates an important opportunity to provide federal policymakers, advocates, and critics data and evidence about the program's effects in different environments. A job guarantee with a high nationwide minimum wage, for example, might be unsustainable in some parts of the country, creating challenges for private businesses and local economies. And devilish details would remain, such as what kinds of jobs would be available and what career pathways would be created to enable workers to advance inside or outside the job guarantee program.

Solution Set 2: Expand Insurance So Families Stay Above the Floor

Even if the government enacted policies that created an income floor for all families, people would still need tools to protect the progress they make to further raise their living standards through earnings and assets. Financial shocks, such as having hours (and thus earnings) involuntarily reduced, can deplete savings and have ripple effects on household finances. Bigger shocks, such as unemployment or disability, or large wealth losses during recessions, can lead to long-term hardships and erase hard-earned gains accumulated over many years. This second set of solutions protects families against these risks by expanding the availability and coverage of wage and wealth insurance.

Reform Social Insurance to Better Protect Workers from Earnings Loss

For most families, earnings from work are their principal source of income and the cornerstone of their financial security. Shocks to earnings because of job loss or displacement or volatile hours or pay threaten financial well-being.[12] Millions of American workers are laid off each year, all of whom have to manage at least short-term financial disruptions that come with being between jobs and without earnings. Other workers, displaced by technological advances or shifts in international trade, suffer earnings losses that can persist for a decade or more even after finding and taking new jobs (Davis and von Wachter 2011). Moreover, as the nature of work and employment relationships change, workers increasingly bear additional risks, such as those associated with part-time, contract, and contingent employment (Katz and Krueger 2019; Weil 2014). And this is all while climate-related threats to employment and earnings increase.

Although threats to workers' financial security have multiplied and evolved, the federal-state unemployment insurance (UI) system, the principal form of insurance protecting workers against lost earnings, has not kept pace. Originally designed to serve the needs of a Depression-era workforce and economy, UI has come to provide benefits to a small and declining share of workers. The fraction of the unemployed who receive UI, which stood at roughly 50 percent in the 1950s, has fallen to just 27 percent in 2018.[13] And, as currently provided, UI offers little or no protection for workers outside of traditional employment relationships or for workers who experience earnings volatility while continuing to work. New and expanded forms of publicly provided (i.e., social) insurance could better protect workers' incomes in the face of a broad range of economic and climate disruptions.

Some proposals focus on expanding UI or creating new programs to cover workers in contingent or alternative work—including temporary workers, independent contractors, or workers who take part in the gig economy—who are not traditionally covered by UI.[14] Covering independent workers presents substantial challenges. Doing so would require alternative funding mechanisms and would have to extend coverage in ways that pool risk without leading to adverse selection (i.e., only those most likely to use the insurance take it up). One possibility could be to include UI in a portable benefits system—that is, benefits made available to workers through intermediaries other than employers and that workers take with them from job to job (McKay, Pollack, and Fitzpayne 2018). Portable benefits systems are under consideration in some states (Loprest et al., forthcoming).

Other workers without access to traditional UI benefits are low-wage workers without the earnings and employment history required to claim UI when they lose work. A proposal from the Center for American Progress, Georgetown Center on Poverty and Inequality, and National Employment Law Project would extend UI-like benefits to such workers through a Jobseeker's Allowance, which would provide up to 13 weeks of benefits to people looking for work (West et al. 2016). Because a Jobseeker's Allowance–style solution would represent a substantially new program, reaching previously underserved workers, designing and implementing such a program would present challenges, including how to target benefits.

Beyond the risk of job loss, many workers, especially low-wage, part-time, and contingent workers, increasingly face volatile earnings even while employed because of unpredictable work schedules (Loprest and Nightingale 2018). Although volatility in hours and earnings has received less attention in

UI proposals, it was identified by experts in the income volatility arena as an important piece in safeguarding family financial security (McKay 2017). Policy solutions to this issue may take other forms, including labor market regulations, but there is a potential role for expanded social insurance. Partial claims, for example, are an existing feature of UI that allows qualifying workers to claim a reduced benefit while working part time. But the conditions on partial UI claims are restrictive, benefits can be limited, and many workers may not be aware of this option. Some advocates have called for reforming UI to allow more workers to claim more generous partial benefits under a wider range of conditions, as a way to protect against scheduling volatility (Ben-Ishai, McHugh, and McKenna 2015). Another possibility is to build on **work-sharing** arrangements (or **short-time compensation**), which pay partial benefits to workers when employers reduce their hours in lieu of laying off workers. Twenty-eight states and the District of Columbia have short-time compensation programs, but program use has been limited (Balducchi and Wandner 2016; Houseman et al. 2017).[15]

"The federal government offers reemployment insurance to folks who lose their jobs to foreign workers, but no one is offering this critical protection for those who fall victim to automation. If a hard-working Californian who did everything right loses a job, takes the time to train for a new one, and then ultimately lands a position that doesn't pay as much, we need to offer wage insurance to help pay the bills."

—***Gavin Newsom,*** *Governor of California*

For unemployed workers who may face reductions in earnings even after finding and returning to work at new jobs, another set of proposals is to institute wage-loss insurance. Wage-loss insurance would replace a portion, commonly half, of the difference between the wages from a worker's old job versus new job when her new job pays less (Kletzer and Litan 2001; McKenna 2015; Wandner 2016; West et al. 2016). This insurance protects against the larger, long-term losses workers can experience when employment can no longer be found at their old wage because of, for example, technological disruptions (e.g., increased automation). The Obama administration proposed a wage insurance program in its fiscal year 2017 budget proposal, and a limited form of wage insurance is already in place in the form of Alternative Trade Adjustment Assistance.[16] Although proposals exist, substantial uncertainty remains around how such a policy should best manage trade-offs related to eligibility, replacement rates, duration of benefits, and other key parameters.

Private-sector innovation in extending or supplementing UI has faced steep challenges. Largely because of the risk of adverse selection, UI is a classic case for the role of social insurance (Hendren 2017). SafetyNet, for example, pays a lump sum upon job loss or disability but is available in only a handful of states.[17] IncomeAssure, a product that supplements UI benefits, no longer accepts new applications.[18]

Finally, across these policy levers, there is a need to consider how to protect workers against rising forms of risk to earnings because of climate change. Some employers have introduced paid "climate leave" as a private solution for employment disruptions during extreme weather events, but this voluntary benefit tends to help only high-wage employees.[19] The Federal Emergency Management Agency (FEMA) coordinates with the Department of Labor to offer Disaster Unemployment Assistance, which provides benefits for workers who experience unemployment related to declared disasters (FEMA 2018). Advocates have called for raising the amount of these benefits and extending the application period beyond the current 30 days to more adequately meet workers' needs (West et al. 2016). Policymakers could look to examples from the US Farm Bill, which protects farmers (though not farm laborers) from steep losses that result from extreme weather. There are also international examples to look to on this question. Germany's work-sharing program includes a bad-weather allowance that compensates construction workers for weather-related work stoppages during certain months (ORES 2016). As climate change increases the frequency and intensity of natural disasters and events such as droughts and heat waves that can lead to unemployment and have long-term adverse effects on financial health (Ratcliffe et al. 2019), policymakers will need to assess the adequacy of current sources of worker protection and consider reforms.

Explore Ways to Insure Household Wealth against Economic Disruptions

The threats families face in the modern economy center not only on wages and income but on family wealth, which is primarily held in retirement savings and housing (Congressional Budget Office 2016). Macroeconomic risks and inadequate wealth protections were on full display during the Great Recession. Millions of mortgage borrowers lost their homes in foreclosure, creating steep short-term hardship and threatening long-term credit access and willingness to spend (Li, Goodman, and Bonsu 2016). Similarly, the stock market's steep drop caused people in or nearing retirement to lose value in their retirement savings (Butrica, Smith, and Toder 2009). Also, many workers who lost their jobs dipped into their retirement savings at a highly inopportune time (Argento, Bryant, and Sabelhaus 2013), with workers younger than 60 facing steep penalties for early withdrawals.

Cushioning families from wealth declines would reduce families' short- and long-term financial instability. Doing this with insurance could protect families from steep wealth losses at critical moments, mitigate family hardship, and speed economic recoveries.[20] Wealth insurance also could dampen the widening racial wealth gap.[21] Black and Hispanic families lost substantially more wealth during the Great Recession (McKernan et al. 2013), and given the great economic vulnerability families of color face, absent action by policymakers, history could repeat itself in the next recession.

To buffer against housing price declines, "shared responsibility mortgages," currently under development by Safe Rate in Chicago, link monthly mortgage payments to a neighborhood-level housing price index.[22] A key element of this mortgage is that any decline in monthly payments does not have to be repaid, even if housing prices rise. Also, payments never go above the original mortgage term. In exchange for the downside protection, the lender receives a share of the profits if the home is sold at a gain. Although shared responsibility mortgages are a promising step toward protecting what is typically a family's biggest investment, lenders and policymakers have more to explore.

Options to protect retirement savings include broader use of annuities and cash balance retirement plans, which provide fixed payments similar to defined benefit pensions (Gale 2016). As states look to expand access to retirement plans for private-sector workers, many have explored ways to ensure savers receive adequate benefits during retirement. California considered a guaranteed rate of return for CalSavers accounts but declined to pursue this path because of cost concerns.

Wealth insurance has been little explored. Important questions remain about the private- and public-sector roles in leading innovation, which assets most need insuring and against which risks, how to address moral hazard and avoid excessive risk-taking, how to ensure broad take-up so the insured pool is not limited to those most likely to claim benefits (i.e., adverse selection), and the costs and implications of protecting large shares of wealth during deep recessions.[23]

Solution Set 3: Expand Access to High-Quality Financial Products and Services

Alongside stabilizing and protecting families' finances with new income and insurance programs, policymakers and financial service providers should ensure that the next generation of financial products and services work for everyone, including people who have been traditionally underserved by the financial system. This approach starts with getting every family consistently banked in low-cost, safe transaction and savings accounts and helping them build an emergency savings cushion. When a family is banked, it is better able to access and benefit from new technologies and products that help families build their personal safety nets and move up a continuum of financial product needs (from low-cost accounts and emergency savings toward long-term wealth building). These technologies include new ways for consumers to tap resources at their disposal during financial emergencies and expand access to affordable credit by underwriting loans based on broader data about consumers' financial behaviors. Along the way, innovators and regulators should ensure that new products align with consumers' financial interests and meaningfully improve financial well-being.

Provide Low-Cost, Versatile Transaction and Savings Accounts

Having consistent access to a low-cost bank or other transaction account can be an important first step to a better financial life by reducing transaction costs and helping families become better positioned to access other products and services, such as credit. Although only 6.5 percent of households are unbanked, this represents 8.4 million households (FDIC 2018). Among households earning less than $15,000 a year, roughly 26 percent are unbanked (FDIC 2018). And even more households have experience being unbanked (Barr 2009; FDIC 2018).[24] Beyond this, even with consistent access to a bank account, some consumers, particularly low-income consumers, are not well served by the current financial system and can struggle with fees and other costs associated with their account.[25]

Federal policymakers could aid low-income consumers by directly offering no- or low-cost public accounts or by leveraging the federal government's role in the financial system to induce financial institutions to offer low-cost basic services. One proposal is to offer public bank accounts and other financial services (e.g., loans) through the US Postal Service's more than 30,000 locations. Postal accounts are not a new idea but have received recent attention with the 2018 release of Senator Kirsten Gillibrand's postal account proposal.[26] Postal accounts have been advanced by some as helping residents access affordable services, especially those in "banking deserts."[27] Others have argued that postal accounts are not the answer, with particular concern around having the postal service provide loans, as the postal service does not have modern banking experience.[28]

Other parts of the federal government have experimented with providing low-cost accounts and basic financial services in limited ways. The US Treasury Department's myRA program (an Obama administration program discontinued by the Trump administration) provided a no-cost retirement savings option for families.[29] Treasury also piloted the use of general-purpose reloadable prepaid cards, which can have the same key features as a checking account, as a way to distribute tax refunds to tax filers without bank accounts (Ratcliffe, Congdon, and McKernan 2014). In a similar fashion, Treasury offers the Direct Express card for Social Security beneficiaries who lack a traditional bank account. The government could apply lessons from these efforts to offer no- or low-cost savings or transaction accounts more widely.[30]

"Most of today's financial technology products are layered on top of the traditional banking system. If vulnerable consumers lack consistent access to quality bank accounts, they will find themselves shut out from innovations that could help improve their financial health."

*—**Leigh Phillips**, EARN*

Before wading too deeply into public banking, however, the federal government should try to understand what consumers most need and what needs are not being met by the current financial system, which people do not benefit from the current system, whether the government should provide the new accounts or offer them in partnership with existing financial institutions, and which government agency is best suited to lead the effort.

These accounts would ensure that all Americans have a place to build emergency savings and benefit from any future government efforts to support and provide incentives for saving among low-income and vulnerable consumers. These accounts could be used to facilitate liquidity during the year, such as a proposal to allow workers to access their accrued tax refunds during the year (i.e., just-in-time tax refund) instead of having to wait until tax filing (Vallas, Boteach, and West 2014).

Facilitate and Provide Incentives for Emergency Savings

Even small savings amounts (from $250 to $750) can reduce hardships, such as eviction and missed utility or housing payments, during financial emergencies (McKernan et al. 2016), yet data consistently show that many households have not saved enough to cover even a $400 unplanned expense (Board of Governors of the Federal Reserve System 2018). Conventional wisdom might suggest that low-income families cannot save, but research has established that low-income families can and do save, especially when provided financial incentives (McKernan, Ratcliffe, and Shanks 2012; Mills et al. 2016). Also, living paycheck to paycheck is not only an issue for low-income families. Many middle- and even high-income families do not have a savings cushion (McKernan et al. 2016).

“Even small amounts of liquid savings can make a big difference. Unfortunately, 40 percent of Americans could not cover even a $400 emergency expense out of their own liquid savings. Many national organizations are working to help people to build a foundation of basic savings, and we are proud to join with them and support this effort.”

*—**Kathy Kraninger,** Consumer Financial Protection Bureau*

Government, nonprofits, and employers can be channels for boosting emergency savings. A savings bonus for taxpayers who deposit a portion of their tax refunds into qualifying savings accounts and maintains the savings for a specified period has been piloted in the US, first in New York City as $aveNYC and then in four US cities as SaveUSA.[31] The SaveUSA program, where participants received a $1 match for every $2 saved for at least a year, was found to increase savings deposits by $500, on average, in the first year, even though most participants had low incomes (Azurdia et al. 2014). Beyond these pilots, a tax-time savings bonus was advanced nationally in bipartisan legislation in the 115th Congress and by local councilmembers in Washington, DC.[32]

Nonprofits and the private sector are also pursuing innovative strategies to building savings through incentives and automation. EARN’s SaverLife online savings platform builds on the matched savings approach by giving users $10 for every $20 they save (up to $60) and provides them digital financial coaching tools and prize-linked savings incentives.[33] Cookie Jar makes it possible for employers to match their employee’s emergency savings as a workplace benefit and helps workers save gradually by rounding up their purchases to the nearest dollar and applying the difference to their savings accounts.[34]

Some employers and financial institutions are piloting “sidecar” emergency savings accounts that build on the existing infrastructure of employer-based 401(k) plans.[35] These accounts provide workers a mechanism for building emergency savings before turning to long-term financial goals and help make saving an automatic habit.[36] Laws that make enrollment into these plan designs automatic could benefit more workers.[37]

Expanding these savings initiatives will require convincing policymakers and employers that matching emergency savings and making saving easier can bring benefits not only to families but to broader stakeholders. Cost-benefit analyses could help policymakers and employers understand the returns on investment in savings matches for outcomes relevant to them. Governments might see savings for other social programs when families have sufficient resources to avoid eviction, and employers might enjoy cost savings and higher productivity from reduced employee turnover and a less financially stressed workforce.

Expand Consumers' Access to High-Quality Credit Products

The US credit system determines consumers' creditworthiness mostly by looking at their credit histories. Consumers without prior credit do not have the record to show that they are a good credit risk and have difficulty gaining access to, or can get locked out of, traditional credit. The same holds true for consumers who previously struggled with credit (e.g., became delinquent on a credit card or auto loan) but can now meet their expenses and are a better credit risk than their credit report indicates. In fact, an estimated 45 million US consumers, or nearly 20 percent of US adults, have no or limited credit histories—that is, they do not have a credit bureau record or are "unscorable" (Brevoort, Grimm, and Kambara 2015). And millions more have poor credit. These consumers are effectively locked out of the traditional credit system, leaving them vulnerable to high-cost forms of credit (e.g., payday loans or subprime auto loans).[38]

To help consumers with limited credit histories, some companies have begun using alternative data to expand consumers' access to financial products and services. Petal's credit card uses cash flow underwriting, where information about income and expenses (e.g., inflows and outflows from a bank account) is used to determine creditworthiness.[39] Alternative underwriting also exists in mortgage lending, although it is rare. As one of its loan processes, Churchill Mortgage offers loans to consumers without a credit history, using alternative data (e.g., rent and utility payments) to underwrite the loan.[40]

As consumers gain access to new sources of credit, some consumers are expected to be better off, but vulnerable consumers may be harmed. New algorithms for assessing creditworthiness, for example, might unintentionally reinforce or create racial or gender biases (Bartlett et al. 2018). With the expansions of alternative underwriting, monitoring and evaluation are needed to identify which consumers are helped and which are harmed. A study by the New York City comptroller that investigated how the reporting of rental payments to credit bureaus could affect the credit scores of New York City tenants found that although most people would be better off (would either improve their credit score or gain a score), 6 percent of tenants would see their credit scores decline (BPR 2017). And the long-term impacts of alternative underwriting on financial well-being are unknown.

In addition to direct-to-consumer credit products, some employers are partnering with local financial institutions to provide low-cost loans to workers (Opportunity Finance Network 2017).[41] In essence, workers' tenure with the company (e.g., employed for at least six months) and their paychecks are used to determine creditworthiness, and loans can be reliably and gradually repaid through payroll withholding. But few employers offer these loans. Research assessing whether employer small-dollar loans can benefit both the employee and the employer (i.e., employees gain access to well-priced credit and build a credit history while employers see fewer employee absences and lower turnover) could expand the availability of such loans and improve workers' financial well-being. As more employers add these loans as part of broader employee financial wellness benefit programs, it will be important to make sure that products offered by loan providers are affordable and that employees are not repeatedly borrowing when financial counseling or other support might be more appropriate for resolving chronic financial shortfalls.

Connect Consumers with Financial Products and Services That Meet Their Evolving Needs

Many nonprofits and mission-driven financial providers, including new fintech entrants, aim to serve low-income and vulnerable people. This, however, does not imply that all consumers are well served in the marketplace. There can be a mismatch between the products consumers need and the products available. Consumers can also face informational or digital barriers accessing products and services. The field lacks a broad understanding of how existing financial products and services affect consumer well-being. This is not to say there are not good actors in the marketplace. But even well-intentioned products and services can harm some consumers, especially the most vulnerable.

Much of the energy in bridging consumers' needs and financial products and services centers on the fintech sector, where developers have designed and applied new technologies for diverse uses. These products range from budgeting apps that provide real-time information to facilitate decisionmaking (e.g., Mint, Dave, and Wally) to products aimed at helping consumers build a savings cushion (e.g., EARN and Cookie Jar) and smooth income and consumption (e.g., Even and Earnin). Mint tracks income and spending and lets consumers know when bills are due, how much they owe, and how much they can pay based on account balances, while Wally focuses on helping people track expenses.[42] EARN provides cash incentives for low-income people to save, and Even and Earnin allow workers to access their accrued wages before payday.[43] With many choices and little information beyond basic product features and costs to guide users in making decisions, consumers can struggle with identifying and selecting products that are best for them.

Consumers also need products adapted to meet evolving needs, and some fintech companies have added new services as they learn more about their customers. Propel's app, which started as a way for Supplemental Nutrition Assistance Program recipients to check their benefit balances and find nearby stores, later added access to coupons and discounts for food purchases and eventually even information about work opportunities.[44] Dave, a budgeting app that tracks spending and anticipates upcoming bills to help consumers avoid costly overdrafts, also provides small loans (up to $75).[45] Uncovering what products and features best serve different consumers could improve consumers' economic well-being and help them advance.

Technology holds great promise for expanding access to high-quality financial products and services, but challenges remain. Meeting the evolving and diverse needs of low-income consumers is a persistent challenge for technology designers. Moreover, because many apps and digital products rely on our current financial and banking system to function, people who are not well served by mainstream financial institutions are often not in a position to benefit. In addition, effective use of these digital financial products requires reliable and affordable internet access. If low-income and vulnerable consumers have interruptions in service because they fall behind on their internet or phone bills, digital technologies might increase inequalities rather than broaden financial inclusion and improve family financial well-being.

Building Knowledge Changemakers Need

Policymakers and changemakers of all stripes are increasingly attentive to the need for ensuring financial stability and well-being for all. And with the decades ahead likely to bring new sources of financial disruption (e.g., technological transformations, climate change, demographic shifts, and continued globalization), the need for solutions will only become more pressing. Addressing these pressures creates opportunities to challenge long-standing exclusions and inequalities while advancing the general welfare. To seize these opportunities, stakeholders spanning multiple sectors and levels of government will need to create, share, and apply new knowledge that delves into complicated design and implementation questions. The stakes are high. Whether people will benefit or get left behind from changes to social policy and financial services in the coming years hangs in the balance.

Drawing on interviews and roundtable conversations with stakeholders, we identified five priorities for knowledge-building that would help inform and accelerate solutions that ensure that families can achieve and maintain financial well-being:

1. Forecast the costs, benefits, risks, and trade-offs of alternate basic income designs so policymakers and advocates have the necessary information to develop and promote data-driven basic income policy proposals aimed at improving family economic well-being.

2. Build policy-relevant knowledge about the likely effects of wage insurance, through experimentation and modeling, to allow federal and state policymakers to assess their costs and benefits and prioritize alternatives.

3. Create new databases and evidence on the connection between climate change and family financial well-being so federal policymakers and regulators can accurately assess the full social costs of climate change events and develop targeted reforms and so local actors, both public and private, have better information for deciding about mitigation, response, and reinvestment.

4. Inform the development of viable wealth insurance products and assess their macroeconomic impacts for federal policymakers and private industry to seriously consider wealth insurance as viable and politically feasible.

5. Harness data and technology to provide a comprehensive picture of consumers' financial lives to allow financial service providers, including nonprofits and mission-driven companies, to build

and refine new products and services that meet consumers' financial needs, and to allow policymakers to target resources to consumer needs.

These knowledge-building priorities will not fill every important gap standing between current policy and practice and a future where all families can achieve and maintain financial well-being. But these priorities address some of the most urgent questions that policymakers and other changemakers currently face. Each priority area is discussed below, with a focus on how new research, approaches, methods, and evidence could accelerate solutions to some of the most pressing financial challenges confronting families today.

Priority 1: Forecast the Costs, Benefits, Risks, and Trade-Offs of Alternate Basic Income Designs

There is much discussion of a US basic income program, but federal policymakers do not have the data or evidence they need on how different program designs will affect outcomes they care about, including family economic well-being and incentives for work and saving, as well as broader macroeconomic impacts and overall program costs.[46] The latest pilots and demonstrations, such as those in California, Canada, and Finland, are adding to our understanding of the impacts and incentives created by different designs and benefit levels, but because they are applied in such different contexts and populations, it can be difficult to extrapolate general lessons.[47] Also, because these demonstrations are typically small scale (a few hundred or thousand people) and run for only a few years, the long-term effects of any design are difficult to assess.

Applying Knowledge to Accelerate Solutions

As they grapple with what the next generation of income supports will look like, federal lawmakers would benefit from a common yardstick for evaluating competing proposals. Establishing a framework for comparing design elements that all basic income proposals must address (e.g., benefit amounts, whether benefits are universal or conditional, if and how benefits phase out with earned income) and the outcomes evaluated (e.g., measures of individual and family well-being, employment effects, program costs) will provide clarity for changemakers assessing competing plans. Moving from this framework to generating quantifiable projections of outcomes under different policy alternatives will provide policymakers and advocates crucial information to develop and promote data-driven basic income policy proposals to improve family economic well-being.

“No doubt we need further analysis and research to produce more specific estimates on the total cost and additional economic effects of these programs, like additional tax revenue and changes in inflation. But without this kind of major intervention, economic growth will likely continue to lag and American households will become increasingly skeptical of the current political and economic order.”

*—**Chris Hughes,** Economic Security Project*

Approaches to Knowledge-Building

To inform the design and debate around US-based basic income programs, researchers should take three approaches that work in concert with one another:

- Monitor and evaluate existing basic income pilots and develop a repository of all data and findings.
- Develop and evaluate new basic income experiments focused on rigorously and precisely identifying the effects of specific program and design elements (e.g., timing and frequency of benefit payments) on outcomes that are a high priority for policymakers but where current knowledge is limited. These experiments would build on the recent wave of demonstrations and update the now decades-old results from the negative income tax experiments that still provide some of the best evidence on how people respond to income maintenance programs (Price and Song 2018).
- Develop a rigorous microsimulation model that projects the effects of different policy alternatives on key outcomes, such as employment, savings, and income. Modeling should also inform questions about program costs and interactions with other elements of the safety net, such as how much of the cost of a basic income would be recovered if it were taxed or treated as income for other benefit programs.

Existing pilots will inform new pilots, and the microsimulation model will build in findings from these pilots and evaluations.

If any reform is enacted, lawmakers and the public will need to understand how the law affects individual financial well-being and the broader economy. Regular surveys of individuals, community leaders, and employers would unearth important insights on public support, behavior changes, wages, and more. Implementation should also build in access to administrative data for researchers to better evaluate short- and long-term program effects on outcomes available in, for example, wage records. This knowledge could help advocates protect gains in financial well-being and help lawmakers adjust course as needed.

Priority 2: Build Policy-Relevant Knowledge about the Likely Effects of Wage Insurance

State and federal policymakers increasingly recognize that the current federal-state unemployment insurance system fails to serve important and growing segments of the modern workforce, but these policymakers lack a rigorous evidence base for understanding the likely effects of potential reforms. Existing research, which has evaluated current programs and experiences, provides a limited basis for informing new policies that serve new groups of workers and address new risks. And these gaps are largest where worker needs are the greatest and where policymaker and advocate interests are the most ambitious: efforts to make the current UI system more inclusive or to develop new forms of social insurance, such as wage-loss insurance.

Applying Knowledge to Accelerate Solutions

Better evidence on how workers, worker outcomes, labor markets, and the broader economy are likely to respond to UI policy reforms would allow policymakers to better assess their costs and benefits and prioritize alternatives. Experimentation, especially at the state level, would provide rigorous estimates of outcomes of interest (e.g., employment and earnings), along with direct experience with implementation. And the development of models that allow for projecting likely effects of alternative forms of the policy, built on experimental and other evidence, would inform which reforms to introduce or bring to scale at the federal and state levels.

Approaches to Knowledge-Building

To generate evidence on how UI policy reforms can meet the needs of workers and the economy, policymakers and researchers should engage in more expansive policy experimentation and evaluation. There is a long history of policy experimentation in UI, going back to a series of experiments in the 1980s (Meyer 1995). A new wave of experimentation, focused on policy reforms currently under discussion, would provide up-to-date evidence for crafting solutions to the challenges workers face today. Experimentation with forms of wage insurance in particular, building on the Earnings Supplement Project, a Canadian experiment conducted in the 1990s (Bloom et al. 2001), would provide empirical evidence on how people respond to key policy parameters, such as replacement rates and the duration of benefits. Well-designed policy experiments could provide direct evidence on how workers respond to the form of the policy and to alternative values of policy parameters, as well as the policy's effectiveness as measured by key employment and earnings outcomes. Pilots should coordinate to ensure that lessons for policy are maximized and that the pilots build on one another.

To further allow policymakers to base UI policy reforms on reliable evidence, researchers should develop an expanded and systematic capacity to project outcomes for workers (e.g., employment and earnings, as well as the number and characteristics of covered workers) and the economy (e.g., macroeconomic stability) under alternative UI policy scenarios. This would involve expanding existing or new microsimulation models as well as less computationally intensive approaches to forecasting outcomes (i.e., forecasting models that use pilot findings and existing data to predict outcomes). Such work can, for example, estimate the number of additional workers who would be covered by UI were it to include more part-time workers (Callan, Lindner, and Nichols 2015). This modeling should also forecast the characteristics of workers affected by alternative reforms to understand the distributional consequences of potential policy changes, and provide policymakers and advocates information on whether reforms are likely to reach intended workers (e.g., low-income and vulnerable workers). These models should be able to project the general equilibrium or macroeconomic effects of potential UI reforms, such as differences in the ability of UI to provide effective stabilization during recessions under alternative policy parameters or forms.

Priority 3: Create New Databases and Evidence on the Connection between Climate Change and Family Financial Well-Being

Policymakers at all levels of government and private-sector actors, such as nonprofits and philanthropies, are only beginning to grapple with the challenges that climate change and its consequences—from flooding and hurricanes to heat waves and wildfires—pose to individual and community financial well-being. Even as these events grow more common and widespread, these decisionmakers lack detailed knowledge about the effects of climate change on financial and economic well-being. And the data infrastructure that could be used to build knowledge and aid in preparation and response is underdeveloped (Martín and Arena 2019).

Applying Knowledge to Accelerate Solutions

As federal policymakers and regulators seek to accurately assess the full social costs of climate change and whether current policy responses are adequate, and as they seek to develop and target potential reforms, they would benefit from detailed estimates of how climate change affects the financial well-being of affected individuals, how these effects are distributed across groups and communities, and their duration. And local actors, both public and private, on the front lines of planning and response could use better information and data systems to make decisions about mitigation, response, and reinvestment that are more responsive to individual and community needs.

"Low-income borrowers and people of color are often hit hardest by the financial after-effects of natural disasters. Expanding knowledge about climate change and financial stability holds the promise of mitigating outcomes that expand economic inequality. This research also can enable communities, businesses, and policymakers to better establish protections regarding insurance coverage, credit reporting, and loss mitigation on the range of loans a consumer holds on the day of a disaster."

*—**Alys Cohen,** National Consumer Law Center*

Approaches to Knowledge-Building

There is a critical need to build a more complete body of rigorous evidence on the effects of climate change—both acute events, such as intense hurricanes and flooding, as well as chronic conditions, such as increased temperatures and drought—on financial and economic well-being (Ratcliffe et al. 2019). To identify and design programs and policies that meet the needs of affected families—from the federal level down to the local level—evidence is needed on the short- and long-run effects of climate change–related events; which financial and economic outcomes deteriorate, how much, and for how long; and how these effects vary by event type, duration, and magnitude. This research would also help policymakers better gauge the distributional effects of these disasters and policy responses for individuals and communities and help policymakers learn how much these events, and current policy, mitigate or exacerbate existing patterns of economic or racial inequality (Howell and Elliott 2018). This research should also investigate differences between the impacts on workers of climate change events and volatility, unemployment, or displacement from other causes.

A comprehensive data infrastructure connecting climate change–driven events with financial and economic characteristics and outcomes would be a valuable resource for generating evidence about the effects of climate change on financial well-being and would support policy development and decisionmaking. One important step is to create an individual-level database that links data on the incidence of events such as natural disasters (e.g., FEMA data) with data on financial outcomes, such as credit bureau data, along with data on employment and earnings outcomes from Census Bureau or other administrative records (e.g., Longitudinal Employer-Household Dynamics data).[48] These linked data could then be used to provide precise evidence about how people with different types of loss and damage are harmed by such events. Current research cannot distinguish with precision between people in an area who were unaffected by the disaster (e.g., no property loss or employment disruptions) and those who experience major disruptions (e.g., lost their home, belongings, or job). These data could also be used to build much-needed evidence on the reach and effectiveness of current policy responses.

Priority 4: Build Viable Wealth Insurance Products and Assess Their Macroeconomic Impacts

Many insurance products target many types of risk, but overlooked in this product-rich environment are products that protect against threats to family wealth. The absence is particularly stark in light of massive declines in family wealth during the Great Recession. With so little known about the potential and viability of wealth insurance products, it is not surprising that the federal government and business leaders have not put taxpayer dollars or private capital on the line and entered this insurance desert.

Applying Knowledge to Accelerate Solutions

For federal policymakers and private industry to consider wealth insurance as viable and politically feasible, much new ground has to be broken and several key questions faced. First, where are needs greatest, and who is best positioned to meet them? Is there a business case for new products? These answers will illuminate whether industry and government capacities and families' wealth protection needs can be aligned. Second, what are the explicit (e.g., budgetary) and implicit (e.g., reduced upside potential for investment returns) costs of wealth insurance, and who should bear them? Third, how much risk can private financial institutions bear before their safety and soundness are threatened? This third question highlights the potential need for a government role and the potential for such an insurance product to positively affect the broader economy.

“An important next step to informing wealth insurance is to quantify the economic costs and benefits of different possible designs.... What is the potential role for private-sector solutions, and what role must state or federal policymakers play?”

*—**Ida Rademacher,** Aspen Institute*

Approaches to Knowledge-Building

A first step in advancing wealth insurance is establishing knowledge-sharing forums for actors in America’s financial markets: financial institutions (including lenders and insurers), federal and state insurance and financial regulators, and consumer groups. Convening these disparate parties will help identify how wealth insurance can benefit consumers and the economy, potential hurdles (e.g., navigating or reforming state regulations and legislation), and important risks (e.g., moral hazard, consumer protection needs, and safety and soundness concerns). The forums should also play a role in brainstorming and vetting new products and policy ideas and in establishing evaluation and other research paths. This could include private providers experimenting with “minimum viable products” that help a few early adopters manage mortgage- or retirement-related risks before expanding to a mass-market product.

To understand the broader economic effects of insuring greater shares of wealth, a microsimulation model could test the effects of different economic shocks with and without wealth insurance in place. Simulation results could help make the case for new products or reforms and identify unforeseen issues. “Counterfactual” simulations could show how many more families might have remained in their homes during the Great Recession had their home values been insured. These simulations also could show spillover effects on local economies.

Priority 5: Harness Data and Technology to Provide a Comprehensive Picture of Consumers’ Financial Needs

Fintech entrants, incumbent financial services firms, social entrepreneurs, and nonprofit service organizations are using new technology and consumer data to design products and services that help people budget, transact, access credit, and save. These providers, however, often have incomplete information about consumers' financial lives, and this gap limits their ability to tailor approaches that meet people where they are on the journey to financial health.

Without a full picture of consumers' financial lives—from income and bank account balances, to use of different financial products and services, to access and capability in using digital products and services—it is unclear where the gaps are for low-income and vulnerable consumers. Are their financial product and service needs not being met because they need more products, or is accessing products the hurdle (e.g., consumers not having access to knowledge or information, physical locations, or digital platforms)? Without clear information about the gaps, the solutions are unclear. For example, if there is a role for the federal government, should that role be to provide additional products and services (e.g., federally provided bank accounts) or to facilitate consumers' access to products (e.g., federally subsidized access to broadband or cellular service)?

Data exist that could address these challenges, but the data are widely dispersed, are not readily accessible, and are sometimes costly to acquire. Some organizations, especially resource-constrained nonprofits, have rich data but lack the capacity to fully analyze them.

"We look at things our users want and things the market can provide and try to make that connection. And while that's definitely a net positive, it's still piecemeal. What about thinking about this from the perspective of identifying the things that a family needs to meaningfully improve their financial health? If we had that, we would definitely use it to inform our products and strategy going forward."

*—**Jimmy Chen,** Propel*

Applying Knowledge to Accelerate Solutions

With a more nuanced understanding of the contexts in which consumers make financial choices, nonprofits and mission-driven companies could build and refine new products, services, and features that help specific consumer segments meet their financial needs. They could also match consumers with the best products for their circumstances. And policymakers and other changemakers could better target resources to places and consumer groups with the greatest needs and know where to expand programs that have worked in similar markets. Governments could better identify critical gaps in access and make smarter investments to address them. For example, if telecommunications services necessary for accessing digital services are unaffordable or unreliable to some groups, policymakers could explore public subsidies that help people stay connected to financial services and supports.

Approaches to Knowledge-Building

An ambitious effort that leverages data from both public- and private-sector sources could spark new insights and help all sectors pursue evidenced-based strategies for improving financial well-being. Data could be merged into a synthetic database encompassing information about households' financial status, product use, and personal and geographic characteristics, as well as broader contextual factors that influence financial decisionmaking. For example, transactional data from financial institutions and credit bureaus could be merged with other data about public benefit use, demographic characteristics, and neighborhood information in ways that respect consumer privacy but allow for statistically valid analysis. This data resource and the analytic tools it supports could then be applied to these goals:

- Identify nuanced **consumer segments** to better tailor new and existing products to specific needs
- **Longitudinally track** the products and services consumers use and their financial well-being outcomes to inform how best to support consumers' evolving needs and get them on a pathway to mobility
- **Link data about where people live** and use services with contextual data to identify resource gaps

These rich data could be incorporated into other powerful research tools, such as microsimulation models that examine the effects of policy proposals to increase household wealth.

Notes

[1] Caroline Ratcliffe and Steven Brown, "Credit Scores Perpetuate Racial Disparities, Even in America's Most Prosperous Cities," *Urban Wire* (blog), Urban Institute, November 20, 2017, https://www.urban.org/urban-wire/credit-scores-perpetuate-racial-disparities-even-americas-most-prosperous-cities; Signe-Mary McKernan, Caroline Ratcliffe, C. Eugene Steuerle, Caleb Quakenbush, and Emma Kalish, "Nine Charts about Wealth Inequality in America (Updated)," Urban Institute, last updated October 5, 2017, http://apps.urban.org/features/wealth-inequality-charts/. For further discussion of racial inequities and strategies for addressing them, see Kijakazi et al., forthcoming.

[2] See the website for the Alaska Department of Revenue Permanent Fund Dividend Division at https://pfd.alaska.gov/. See also Moises Velasquez-Manoff, "What Happens When the Poor Receive a Stipend?" *Opinionator* (blog), New *York Times*, January 18, 2014, https://opinionator.blogs.nytimes.com/2014/01/18/what-happens-when-the-poor-receive-a-stipend/.

[3] Marron and Maag's proposal reflects a hybrid of two rationales for distributing carbon tax revenues. The communal property view argues for broad and mostly equal distribution of returns. The tax rebate view argues that carbon taxes are intended chiefly to reduce carbon use, not raise revenue, and as such should be redistributed to people who bear the burden of the tax. Their compromise excludes some citizens who are not likely to bear the burden of the tax (e.g., people outside the United States) and the institutionalized population.

[4] Although Finland's basic income experiment had no work requirement, the income received offset some benefits (i.e., the income counted as resources for some social benefits programs). See "Basic Income Experiment 2017–2018," Kela, accessed April 8, 2019, https://www.kela.fi/web/en/basic-income-experiment-2017-2018. See also "Finland Experiment Shines Light on Universal Basic Income," Giving Compass, April 30, 2018, https://givingcompass.org/article/finland-experiment-with-giving-away-money-shines-a-light-on-the-idea-of-universal-basic-income/; and "A Guaranteed Income Demonstration," Stockton Economic Empowerment Demonstration, accessed April 8, 2019, https://www.stocktondemonstration.org/. See also SEED (n.d.).

[5] "Ontario Basic Income Pilot," Ontario Ministry of Children, Community, and Social Services, last updated April 8, 2019, https://www.ontario.ca/page/ontario-basic-income-pilot.

[6] Howard Gleckman, "Kamala Harris's Tax Credit Would Cut Taxes Significantly for Low- and Moderate-Income Households but Could Add Trillions to the Debt," *TaxVox* (blog), Urban-Brookings Tax Policy Center, November 14, 2018, https://www.taxpolicycenter.org/taxvox/kamala-harriss-tax-credit-would-cut-taxes-significantly-low-and-moderate-income-households; "The Cost-of-Living Refund Fights Inequality and the Rising Cost of Living," Economic Security Project, accessed April 8, 2019, https://economicsecurityproject.org/cost-of-living-refund/.

[7] This form of basic income is sometimes referred to as a "participation income" (Atkinson 1996).

[8] Both proposals target low-income students by restricting them to Pell recipients or students who meet similar eligibility criteria.

[9] Gleckman, "Kamala Harris's Tax Credit."

[10] For further discussion of job guarantee programs, see Loprest et al., forthcoming.

[11] Federal Jobs Guarantee Development Act of 2018, S.2746, 115th Cong. (2018).

[12] Another important risk workers face to earned income is impairment of their ability to work because of disability. This discrete risk and set of solutions—including the Social Security Disability Insurance program, state disability insurance policies, workers' compensation, and private short- and long-term disability insurance

plans—are the subject of distinct policy and research debates and are outside the scope of the current discussion.

13 UI recipiency rates for the 1950s are available at "Regular Program Insured Unemployment as a Percent of Total Employment," US Department of Labor, Employment and Training Administration, last updated November 3, 2017, https://oui.doleta.gov/unemploy/Chartbook/a12.asp. The 27 percent recipiency rate for 2018 is from the same series.

14 The existing UI program can also be extended to cover a larger share of part-time workers in traditional employment relationships. The UI modernization provisions in the American Recovery and Reinvestment Act of 2009, for example, encouraged states to extend UI eligibility to workers seeking part-time work if they usually worked part time before their job separation. Thirty-three states currently have such a provision.

15 Legislation passed after the Great Recession provided incentives for states to adopt work-sharing programs (OUI 2016).

16 White House Office of the Press Secretary, "FACT SHEET: Improving Economic Security by Strengthening and Modernizing the Unemployment Insurance System," press release, January 16, 2016, https://obamawhitehouse.archives.gov/the-press-office/2016/01/16/fact-sheet-improving-economic-security-strengthening-and-modernizing. See also the "Alternative Trade Adjustment Assistance (ATAA)" section of "TAA Program Benefits and Services under the 2002 Benefits," US Department of Labor, Employment and Training Administration, last updated February 22, 2019, https://www.doleta.gov/tradeact/benefits/2002-law.cfm#4.

17 "Help: Eligibility Questions," SafetyNet, accessed April 4, 2019, https://safetynet.com/help.

18 Rob Lieber, "Finally, Private Unemployment Insurance. But Will Anyone Buy It?" *New York Times*, May 27, 2016, https://www.nytimes.com/2016/05/28/your-money/finally-private-unemployment-insurance-but-will-anyone-buy-it.html. Also see IncomeAssure's website at https://www.incomeassure.com/.

19 Brooke Smith, "Have Your Say: Should Employers Offer a Climate-Related Leave Policy?" *Benefits Canada*, November 20, 2017, https://www.benefitscanada.com/news/should-employers-offer-a-climate-related-leave-policy-106639; Rebecca Greenfield, "Add This to Your List of Job Demands: Paid Vacation for Extreme Weather," *Bloomberg*, November 13, 2017, https://www.bloomberg.com/news/articles/2017-11-13/add-this-to-your-list-of-job-demands-paid-vacation-for-extreme-weather.

20 Ray Boshara and Ida Rademacher, "Next Big Thing in Building Wealth?" *5 Best Ideas of the Day* (blog), Aspen Institute, March 23, 2018, https://www.aspeninstitute.org/blog-posts/next-big-thing-building-wealth/.

21 For information on the racial wealth gap, see McKernan et al., "Nine Charts."

22 This concept is discussed in detail at Amir Sufi and Atif Mian, "Shared Responsibility Mortgages," Washington Center for Equitable Growth, October 31, 2016, https://equitablegrowth.org/shared-responsibility-mortgages/. Also see Safe Rate's website at https://saferate.com/.

23 Boshara and Rademacher, "Next Big Thing in Building Wealth?"

24 Barr (2009) finds that 1 in 10 households with a bank account was recently unbanked. Looking at it in reverse, the share of unbanked households that had a bank account at some point in the past, the FDIC (2018) finds that roughly half of unbanked households previously had a bank account.

25 Some consumers also use general-purpose reloadable prepaid cards, which have many of the same features as a bank account.

26 Kirsten Gillibrand, US Senator for New York, "Gillibrand Announces Major New Legislation to Create a Postal Bank to Wipe Out Predatory Payday Lending Industry Practices, Ensure All Americans Have Access to Basic Banking Services," press release, April 25, 2018, https://www.gillibrand.senate.gov/news/press/release/gillibrand-announces-major-new-legislation-to-create-

a-postal-bank-to-wipe-out-predatory-payday-lending-industry-practices-ensure-all-americans-have-access-to-basic-banking-services.

[27] Gillibrand, "Gillibrand Announces Major New Legislation"; Abby Vesoulis, "Millions of Americans Can't Afford a Checking Account. The Post Office Could Fix That," *Time*, August 7, 2018, http://time.com/5351706/postal-banking-kirsten-gillibrand/.

[28] The postal service did provide banking services from 1911 to 1966. See Mehrsa Baradaran, "A Short History of Postal Banking," *Slate*, August 18, 2014, https://slate.com/news-and-politics/2014/08/postal-banking-already-worked-in-the-usa-and-it-will-work-again.html. See also Peter Conti-Brown, "Why the Next Big Bank Shouldn't Be the USPS," Brookings Institution, May 31, 2018, https://www.brookings.edu/research/why-the-next-big-bank-shouldnt-be-the-usps/.

[29] See the MyRA website at https://myra.gov/. See also Katie Lobosco, "Treasury Ends the myRA, Obama's Retirement Savings Program," *CNN Money*, July 28, 2017, https://money.cnn.com/2017/07/28/retirement/treasury-myra-retirement-account/index.html.

[30] A guaranteed income program could also be a platform for connecting low-income and vulnerable consumers with a low-cost, high-quality account.

[31] Caitlyn Brazil, "Nudging People to Save: The $aveNYC Account," Prosperity Now blog, May 17, 2010, https://prosperitynow.org/blog/nudging-people-save-avenyc-account; "SaveUSA Project Overview," MDRC, accessed April 8, 2019, https://www.mdrc.org/project/saveusa#overview.

[32] Children's savings accounts, another type of matched savings account, are long-term savings (or investment) accounts primarily designed to help children pay for college or other postsecondary education (see "Children's Savings," Prosperity Now, accessed April 8, 2019, https://prosperitynow.org/issues/childrens-savings). "Baby bonds" are a bolder approach to wealth accumulation than children's savings accounts and are discussed in detail in Kijakazi et al., forthcoming. For the legislation from Congress about a tax-time savings bonus, see Refund to Rainy Day Savings Act, S.3220, 115th Cong. (2018). For the DC version, see Elaine Maag, "DC Councilmember Proposes New EITC Savings Program," *TaxVox* (blog), Urban-Brookings Tax Policy Center, July 16, 2018, https://www.taxpolicycenter.org/taxvox/dc-councilmember-proposes-new-eitc-savings-program.

[33] "SaverLife Creates Prosperity," EARN, accessed April 8, 2019, https://www.earn.org/saverlife; "Prize-Linked Savings," Commonwealth, accessed April 8, 2019, https://buildcommonwealth.org/work/prize-linked-savings.

[34] See Cookie Jar's website at https://cookiejarsavings.com/.

[35] Beth Pinsker, "Money Woes? More Companies Help Workers Build Emergency Funds," *Reuters*, January 11, 2019, https://www.reuters.com/article/us-world-work-emergencyfund/money-woes-more-companies-help-workers-build-emergency-funds-idUSKCN1P515G.

[36] Workers can contribute after-tax earnings into a savings fund that can be accessed during emergencies. After hitting a savings threshold, workers' contributions are then rerouted (pretax) into their retirement savings plans. This approach was first proposed by Beshears and coauthors (2017).

[37] The bipartisan Strengthening Financial Security through Short-Term Savings Accounts Act of 2018 would have modified the Employee Retirement Income Security Act to allow employers to more easily establish sidecar accounts and automatically enroll workers. See Strengthening Financial Security through Short-Term Savings Accounts Act of 2018, S.3218, 115th Cong. (2018).

[38] Christine DiGangi, "How Many Americans Have Bad Credit?" Credit.com blog, February 12, 2016, https://blog.credit.com/2016/02/how-many-americans-have-bad-credit-136868/.

[39] See Petal's website at https://www.petalcard.com.

[40] "No-Score Loans," Churchill Mortgage, accessed April 8, 2019, https://www.churchillmortgage.com/No-Credit-Score-Manual-Underwriting.

[41] See also the website for the RGV Community Loan Center at http://www.rgvcommunityloancenter.com/.

[42] See the Mint website at https://www.mint.com/. See the Wally website at http://wally.me/.

[43] See the websites for EARN (https://www.earn.org/), Even (https://www.even.com/), and Earnin (https://www.earnin.com/).

[44] See the website for Propel at https://www.joinpropel.com/.

[45] See the website for Dave at https://www.dave.com/.

[46] Marinescu (2017) provides a recent review of the available evidence on incentive effects of basic income programs.

[47] After one year, for example, the Finland experiment reduced people's financial stress but did not affect their employment.

[48] Although data privacy issues would need to be addressed, there are systems that provide practically unlimited computing capacity while ensuring the highest levels of encryption, access controls, and data security.

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