CHAPTER NINE

Cash to US Families at Scale: Behavioral Insights on Implementation from the Baby's First Years Study

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Cash transfers are used to alleviate poverty in countries around the globe.[1] As of 2019, 166 of 205 nations reviewed by UNICEF had some form of child benefit that is functionally equivalent to cash transfers to families. In the nine months after the start of the COVID-19 pandemic, 272 new cash transfer programs arose in 133 countries, with 124 of these programs consisting of one-time lump sum transfers.[2] Such cash transfers have the dual aim of alleviating the detrimental effects of economic deprivation on families with children, particularly in times of economic crisis, while supporting the productivity of the children's caregivers (i.e., their ability to work before the pandemic).[3]

The United States is an outlier among Organisation for Economic Co-operation and Development nations in the proportion of gross domestic product allocated to social benefits to families, ranking nearly last on cash benefits.[4] The United States has been particularly resistant to legislating a cash-based (unconditional) child benefit of this scope for a number of reasons,[5] favoring instead a patchwork of safety net programs that target families' material needs, such as food and housing, and policies that reward employment by supplementing earnings.[6] To

meet the goal of reducing child poverty by half, a 2019 consensus report by the National Academies of Sciences, Engineering, and Medicine recommended a bundle of policies, including a child-based allowance available to all families up to an income limit, irrespective of earnings or prior tax filings, with a larger amount available to families with children aged younger than 5 years.[7] Nevertheless, it took a pandemic and the resulting impact on the economy and financial well-being of Americans for an expanded child tax credit to be legislated. In 2021, the United States embarked on its first large-scale social experiment of disbursing cash allowances to all except the highest-income families with children.[8]

By reducing poverty, cash allowances can have positive impacts on families with children.[9] However, their distribution and uptake depend on successful implementation, the ease of receiving the money, and whether the intended near-universal reach to all eligible families is achieved. Implementing cash transfers on a large scale and ensuring that the intended beneficiaries receive the income can be challenging. Cash distribution channels and formats vary worldwide from pickup points at post offices to transfers via digital platforms.[10] The US context is especially challenging because no existing system is available to efficiently and quickly deliver financial supports to families with children during times of crisis.[11] This is, in part, because existing financial benefit systems in the United States are typically designed with steps and requirements to determine eligibility, including proof of need based on income,[12] and systems in the United States that allocate funds to people have become increasingly focused on compliance rather than on preventing poverty or providing assistance.[13]

In this chapter, we describe an approach used to disburse cash to families with children in the United States as part of a multisite, randomized controlled study of poverty reduction called Baby's First Years (BFY).[14] The behavioral economic insights that informed the design and implementation of the study's cash transfer mechanism offer useful considerations regarding population inclusion and reach in large-scale programs.

US CONTEXT AND MECHANISMS FOR DELIVERING SOCIAL BENEFITS AND CASH SUPPORT TO FAMILIES WITH CHILDREN

President Johnson's War on Poverty (the Great Society programs) is a useful starting point to understand the history of means-tested safety net programs in the United States. The official poverty measure that drives much of the means testing of existing safety net programs stems from this era, when this measurement tool was created to assess the resources families had to purchase food.[15] This measure required making determinations about income, individuals' relationships with others in a household, and citizenship.[16] Doing so required proof and methods of documentation, giving rise to validation processes that have since shaped US government programs intended to provide economic support to individuals and families.[17]

The United States has several narrow mechanisms for delivering in-kind benefits supporting basic needs such as food, housing, and health care through federal agencies (e.g., the US Department of Agriculture, Department of Health and Human Services, and Department of Housing and Urban Development) and their state and local equivalents, in addition to two wide-reaching systems for delivering cash: Social Security and the tax system. The US Social Security system is charged with distributing a guaranteed monthly pension to retirees that is drawn from tax contributions from the working-age population. The tax system is responsible for the distribution of any cash refunds. Hence, the receipt of cash transfers through the tax system hinges on people filing taxes. Social Security and the Earned Income Tax Credit have had particularly large antipoverty effects for older adults and families with children, respectively.[18]

Starting in 2020, pandemic cash relief in the United States relied on the tax system for distribution. Expanded economic support to US families was also provided through existing food benefits via electronic benefits cards and earnings replacement (i.e., unemployment insurance paid directly into former earners' bank accounts).[19] The pandemic cash relief in the United States was largely effective in reaching individuals and families who were already connected

to these systems, for example, those who had filed taxes in the past two years and who had already met the eligibility criteria for them. Many individuals received cash infusions as intended through the tax system, but those who were not already integrated into this system (e.g., a retired grandparent raising a grandchild) did not.[20] In addition to certain adjusted gross income limits, other requirements, such as the child living with the tax filer for more than half the year and being related to the tax filer through blood, marriage, legal adoption, or fostering, interfered with the scope of benefit receipt.[21]

BEHAVIORAL INSIGHTS AND CASH TO FAMILIES IN THE UNITED STATES

Receiving social benefits in the United States demands time and mental resources. Stigma, fear, and distrust also play a role in affecting families' pursuit and receipt of social benefits.[22] These concerns among individuals arise from social norms and stereotypes that can be fostered and diffused by broader political landscapes. For example, even when families are eligible, government rules such as the public charge rule, which considers benefit receipt as a factor in residency and citizenship, can have chilling effects even among citizens.[23] Moreover, the US benefit system has evolved toward a focus on compliance and fraud detection, with hurdles and barriers for benefit claimants referred to as ordeal mechanisms that are intended to screen in only the most deserving. However, these same ordeals also dissuade eligible people from receiving benefits. The framework of administrative burden reveals how these mechanisms result in a variety of learning, psychological, and compliance costs that disrupt and interfere with receipt and use of benefits.[24] Behavioral economics expands on this view by additionally considering how individuals construe the world and recognizing that individuals do not always behave in the ways that rational cost–benefit frameworks propose. Hence, context and psychological biases may make certain burdens especially consequential for families with children residing in poverty by increasing the demands on their attention and cognitive load.[25]

These contextual and psychological factors reflect ways in which economic support can be designed to either disrupt or facilitate receipt and use of benefits, particularly at population scale. They include choice designs that shape initial enrollment and resulting uptake and retention, general hassle factors, social influences and norms, and psychological biases that make individuals responsive to frames and anchors. Can deliberate design of these features matter? The evidence is still emerging. For example, a recent study of housing code compliance across three US metro areas found that personalized letters with a clear call to action regarding upcoming inspections, last-chance notifications of fines to correct violations, and postcards strategically timed during conventionally peak periods of fine violations were each found to increase compliance.[26] However, a host of personalized and related individualized outreach randomized interventions intended to reduce informational and educational barriers to filing for the Earned Income Tax Credit had no substantive impact on uptake,[27] suggesting that broader, systemic barriers may be more influential.

First, starting with the enrollment stage, the structure and presentation of choices can affect uptake and subsequent decisions that affect receipt of benefits. Defaults, or preset courses of action that take effect without relying on individuals to make active decisions,[28] may overcome procrastination and inertia resulting from the overwhelming nature of complex choices. Influential across many domains, defaults are found to be particularly effective in consumer domains (vs. other domains, such as environmental conservation efforts).[29] The ways in which the implication of not enrolling is presented can also matter: An active choice statement conveying specific consequences of not participating (e.g., "I wish to not receive the informational pamphlets about my children's development" compared with a more passive "I do not want to receive these materials") has also been shown to influence subsequent receipt.[30]

Second, "sludge" or "dark patterns" – unjustified frictions that impede users – can disrupt access to public benefits or services.[31] Whereas nudges aim to support beneficial choices, friction either discourages behavior that is in a person's best interest (sludge) or encourages behavior that is not (dark patterns).[32] Sludge often

includes duplicative paperwork or waiting time, either in person or online, and compliance standards such as proof of eligibility and recertification requirements.[33] A recent Biden administration executive order aims to reduce these examples of sludge in programs critical to families by allowing options such as online purchasing of items covered by Supplemental Nutrition Program for Women, Infants, and Children benefits and by expanding presumptive and automatic enrollment across safety net programs.[34]

Third, family life and economic resources are often dynamic and uncertain. Instability in labor market income, for example, can wreak havoc on family life if income fluctuation causes households to reach earnings and income eligibility cliffs, resulting in a sudden loss of benefits. These negative income shocks can increase demands on cognitive load and escalate present bias, causing individuals to put more weight on the present relative to the future.[35] An increase in wages can result in a decrease or often complete loss of public benefits that are critical to family stability, particularly childcare and housing subsidies,[36] an effect that is magnified when families are enrolled in multiple programs. These types of uncertainty differ from the cognitive load demands due to structural features of social benefit receipt related to wait time, appointments, and forms. Uncertainty and confusion in understanding the tax system and tax credits make it difficult to rationally weigh the cost of an immediate loss in benefits against the future benefit of a tax refund.[37] Solutions such as benefits calculators, alignment of eligibility and rules across safety net programs, and tax refunds dispersed monthly instead of annually serve as examples that could reduce some types of uncertainty.[38]

Fourth, social influences and norms beyond the specific design of social benefits programs can affect perceptions. Many social programs presume help-seeking behavior rather than agency and autonomy as a starting point,[39] and this can increase perceptions of victimization among eligible recipients. Restrictions on what participants can redeem from their benefits, conditions on accessing benefits, and general quality of the physical environment and treatment by workers demean rather than empower participants and influence broader community narratives about the friendliness and

generosity of public systems.[40] Uneven power dynamics can engender mistrust in the government that further prevents people in poverty and members of other marginalized populations from accessing public programs.[41]

Finally, all humans have psychological biases that cause them to implicitly respond to framing, cues, anchoring, and reference points and that affect behaviors such as earmarking of money for certain purposes.[42] On the one hand, these strategies can be useful to individuals as mental tools to assist with budgeting.[43] On the other hand, guilt and expectations of how to use funds can interfere with the success of mental tools such as earmarking.[44] Indeed, although such biases can be useful in reducing mental demands related to expending money and directed toward family objectives (e.g., the Dutch child benefit was found to particularly increase spending on children's items such as clothing),[45] such biases can also be exploited. A third of borrowers surveyed reported use of predatory credit such as payday loans, pawn loans, deposit advance loans, auto titles, and non-bank installment loans even though they had savings available.[46]

Each of these behaviorally informed aspects intersects with the design of cash support in the United States. Paying attention to these types of design details beyond or within existing US systems – whether from the perspective of families meant to receive benefits or from practitioners and policy makers charged with implementing benefits – is relatively nascent. Implications for large-scale reach and the extent of cost savings, if any, are also not well understood.

THE BABY'S FIRST YEARS STUDY

The BFY intervention is a monthly, predictable, unconditional cash gift disbursed to low-income parents with newborns, starting at the child's birth. This US study was designed to answer questions about infusions of income and children's well-being, specifically the causal impact of poverty reduction during the earliest years of children's development. From July 2018 to June 2019, 1,000 parents were recruited shortly after giving birth at one

of 12 hospitals across four US metro areas (New Orleans, New York City, the Twin Cities in Minnesota, and the greater Omaha, Nebraska, area). After consenting to participate in a child development research study, the parents who had given birth were informed about the opportunity to participate in a cash gift lottery. Among consenting parents, 40 per cent were subsequently randomly assigned to receive an unconditional monthly gift of US$333 (US$3,996/year), and 60 per cent were randomly assigned to receive a US$20 unconditional monthly gift (US$220/year).[47] At the time of study consent, the parents were promised the cash gift for the first 40 months of their child's life. Because the pandemic disrupted capstone in-person data collection of children's developmental outcomes at the 36-month follow-up, funds were raised to extend the cash gift such that families will receive it until the child is 52 months old, with the capstone child development data to be collected when the child is aged 4 years, or at an approximately 48-month follow-up. The study team has since raised funds such that families will receive the monthly cash gift for a total of 76 months and data will be collected when children are aged 6 and 8 years.

One of the key tasks undertaken during the decade leading up to the study's launch was how to translate poverty reduction into a feasible income intervention. Examples from other nations, including the use of mobile money technologies (e.g., Kenya's Give Directly study), in-person distribution at sites such as post offices, and direct deposits in bank accounts, were not feasible for a US research trial, nor were they reasonable from the perspective of population scale at the time.[48] Mobile money and electronic benefit card equivalents did not have the current level of sophistication now applied through private organizations such as Propel (https://www.joinpropel.com/about-us) and Give Directly (https://www.givedirectly.org/). Fewer than half of individuals and families residing in poverty have an account in a bank or an equivalent financial institution insured by the Federal Deposit Insurance Company, thus making direct deposit less tractable. Directly handing out cash would require cumbersome tracking and monitoring, especially given the monthly disbursements. With these considerations in mind, we landed on a debit card mechanism. In summer 2014, we launched and successfully pilot tested

the feasibility and implementation of cash disbursement through a debit card that was ultimately used for the cash gift in the large-scale study.[49]

BEHAVIORAL ECONOMICS AND THE BFY CASH GIFT

The BFY cash transfer is predictable and monthly, thus reducing the mentally taxing nature of income uncertainty and instability prevalent in low-income US households, whether it is a result of the characteristics of low-wage work, the eligibility and recertification requirements of public benefits, or other reasons.[50] Unlike existing US anti-poverty programs, the BFY cash transfer has low administrative burden, with little required documentation or certification of income eligibility. Once enrolled, parents continued to receive the cash gifts on an opt-out (vs. opt-in) basis; that is, the payments automatically continued unless a parent requested otherwise. The MasterCard debit card used to disburse the monthly cash allotment was labeled (i.e., cobranded) with a "4 My Baby" logo, primarily to differentiate it from other electronic benefit cards available at the four study sites, as shown in Figure 9.1. The debit card was handed to the parent at the time of consent to receive the cash transfer, approximately one to two days after the child's birth, and immediately activated. The cash disbursement is coupled with a text or email reminder on the day of each month corresponding to the child's birth date (e.g., a parent whose child was born on June 23 would receive the payments by midnight on the evening of the 22nd of each month). Many of these design features may elicit earmarking of the funds as "for the baby," in contrast to psychologically neutral expenditure decisions predicted by classical economic theory. However, parents in the BFY study received no restrictions or guidance on how to spend the money. The types of use of the money that could be interpreted as "for my baby" might, and likely do, vary widely, from purchasing specific items for the baby, such as diapers, to ensuring a home is clean or putting the funds toward rent or supporting the parent's education and job training. Table 9.1 summarizes the implementation and design

Table 9.1. Behavioral economic concepts in the design of the BFY cash gift

BFY cash gift feature	How it was operationalized and implemented	Behavioral economic insight
In-person or personalized introduction and card activation	Interviewers introduced and explained the card, showed the card, and were available to answer any questions.	Fresh start; timing influences motivation: trust (skepticism re. free money); co-occurring at nurturing and bonding moment with baby; joy Reduce enrollment inertia
Opt out	A cash gift is available on the card unless the participant calls to opt out.	Default effects; easy and low hassle: no recertification or reenrollment hassles
Automatic (repeated)	The cash gift is preprogrammed to automatically transfer to the debit card.	Spending habit formation
Monthly	Reduces mental demands of budget smoothing that quarterly or annual distribution would require; also aligns with normed expectations of other public benefit programs.	Scarcity and cognitive load
At time of childbirth and each month on date of child's birth date	Spending is associated with children and children's environments.	Psychology of preference formation
Monthly text or email reminder (optional)	For those who provided consent, text and email notifications for cash gift disbursements are sent, bringing attention to the money available for that month.	Scarcity and cognitive load
Predictable time period with no recertification or redetermination requirements (i.e., parents continue receiving the cash gift even if their circumstances change)	Low hassle, certainty, planning horizon; formal tracking of accumulated resources on card are available through BFY hotline, MasterCard login portal, or both Simplified receipt and use of money, in contrast with determination, eligibility, and recertification mechanisms that act as screening for many means-tested programs	Hassle factors as psychological barriers

(*Continued*)

Table 9.1. Continued

BFY cash gift feature	How it was operationalized and implemented	Behavioral economic insight
Unconditional; no limitations or restrictions on spending choices	Seamless availability of monthly cash	Affirmation and decision agency; scarcity and cognitive load
Debit card network is MasterCard, with MasterCard customer service line	An international financial tool that is mainstream	Social influences: normed to mainstream financial inclusion
No credit history required	Uncoupled from any credit-approval limitations; not tied to a formal banking structure (i.e., no bank account required but also not an avenue to build credit)	Hassle factors as psychological barriers: no friction related to eligibility determination
4MyBaby card branding with extra customer service	Cash gift transferred from a trusted, charitable organization source; uncoupled with history of experiences with social benefits programs; fresh start coupled with birth of baby Color of debit card is green, to differentiate it from other electronic public benefit cards	Social influences: uncoupled from stigma of other social benefits; reduced judgment of parenting
No alternative credit or debt functions	BFY cash gift money accumulates up to a large maximum; can be used at any point; not possible to overdraw on the card, thus preventing overdraft fees	Scarcity and limited attention

Note: BFY = Baby's First Years.

features of the BFY cash gift as informed by insights from behavioral economics previously described.

BFY CASH GIFT IMPLEMENTATION FINDINGS

As of August 2023, more than US$10 million has been disbursed to the BFY study families. Implementation of the cash gift has been highly successful. Every consenting parent walked out of the

Figure 9.1. The 4MyBaby card compared with other electronic public benefit cards available in each of the Baby's First Years study sites

Sources: Department of Children and Family Services. (n.d.). *Electronic benefits transfer (EBT)*. https://www.dcfs.louisiana.gov/page/electronic-benefits-transfer-ebt; Nebraska Department of Health and Human Services. (2022). *EBT (electronic benefits transfer)*. https://dhhs.ne.gov/Pages/EBT.aspx; Minnesota Department of Human Services. (2019). *How to use your Minnesota EBT card*. https://www.fmchs.com/images/documents/EBT.pdf; and New York State Office of Temporary and Disability Assistance. (2021). *Creating a personal identification number (PIN) for a P-EBT Food Benefit Card*. https://otda.ny.gov/SNAP-COVID-19/P-EBT-Card-PIN-Instructions.asp

hospital with an activated card with funds on it. As shown in Table 9.2, among the parents who consented to allow access to the data on their debit card transactions, very few cards exhibited no use in the first 12 months, and very few transactions failed because of insufficient funds or personal identification number (PIN) problems. Patterns of successful use do not statistically differ by observable characteristics of the parent, such as self-identified race or ethnicity, or by study site.

Parents can contact the MasterCard or 4MyBaby support line regarding questions and difficulties related to use of the debit card.

Table 9.2. Descriptive analyses of transactions from the 4MyBaby debit card over the first year of cash gift receipt

Characteristic of the transaction	Over first 12 months after birth of child		
	Total sample	$20 monthly cash gift group	$333 monthly cash gift group
n	839	484	355
Use of 4MyBaby card, %			
Haven't used the card	2	3	0
Used the card every month	29	12	52
Other	69	85	48
Success of transactions			
Average no. of approved transactions	57.84	22.3	106.3
Average no. of failed transactions, insufficient funds	3.44	2.63	4.56
Average no. of failed transactions, personal identification number problems	2.95	2.26	3.90
Overview of expenditures, US$			
Amount of annual net approved transactions (total)	1,786.25	215.96	3,927.16
Average amount spent by participant per month	141.87	17.12	311.95
Total amount spent	1,511,792.38	105,319.94	1,406,472.38

Table 9.3 describes these varying types of customer support. The phone number for the MasterCard support line is printed on the back of the card, with an automated call service available 24/7 for most requests. The 4MyBaby card hotline number is printed on the front of the card with call and text service available, connected to a person during typical business hours. The 4MyBaby card hotline offers more comprehensive language translation, free replacement cards with follow-up communication to ensure that callers received them, and support for completing MasterCard's paperwork for fraudulent claims (including postage and envelopes as needed). The 4MyBaby hotline also supports parents' requests for proof-of-gift documentation that may be needed for receipt of government benefits. A summary of the total number and nature of 4MyBaby hotline calls is presented in Table 9.4. Contacts were made by call, text, or email; however, the vast majority of contact attempts happened via

Table 9.3. Support line features, by support entity

Support line feature	MasterCard support line	4MyBaby card hotline
24/7, 365 operation	Yes, for everything except card replacements	No, only available 10:00 a.m.–6:00 p.m. Eastern Time and not available on holidays
Support available via SMS text	Yes	Yes, for some services
Person-to-person support	No, service is automated	Yes
Spanish and English support available	Some; not all services or at all times	Yes
Free card replacement	No	Yes
Card replacement verification	No	Yes, follow-up communication when card is not activated within two weeks of send date
Instant card replacement	No, funds cannot be accessed until the replacement card is received and activated	Yes, card can be activated instantly and information provided to the participating parent for immediate use
Knowledge of back-end system customizations for the study	No	Yes
Support in completing MasterCard's paperwork for fraudulent claims (including postage and envelopes as needed)	No	Yes
Proof-of-gift documentation	No	Yes
Support liaising with benefit program administrators when cash gift is incorrectly factored into income eligibility	No	Yes
Information about upcoming Baby's First Years study activities	No	Yes
Communication of contact information changes to the study team	No	Yes

Table 9.4. Nature of BFY customer service calls from May 2018 to March 2022

Nature of calls	*n*
Uncategorized: no issue, call back or no contact, spam call, wrong number)	1,430
Replacement card request (lost, broken, stolen, expired, no details provided)	891
Activate new card or reset PIN request	802
Balance or transaction check	574
Card issues (e.g., frozen card, PIN not working, cannot check balance, funds not transferring to new card)	364
Other	151
Issue was resolved	141
Inquiries from non-participants	121
Age 1 visit	103
Contact information (update, verification, etc.)	96
General 4MyBaby card questions (how to use card, card issuer website, etc.)	92
Fraudulent activity claim	80
Incorrect or missing payment	65
Age 2 visit	48
Study incentive checks (any questions or issues)	47
Social benefits, clawback support, proof of gift letter request	42
BFY or 4MyBaby card withdrawal request	10
4MyBaby card gift extension	10
Age 3 visit	7
Total	5,074

Notes: BFY = Baby's First Years; PIN = personal identification number.

phone. Approximately 80 per cent of the parents in the BFY study had called at least once through March 2022, with an average total of 25 calls to the line per week.

The debit card mechanism is not foolproof.[51] We have garnered insights regarding the challenges of disbursing cash through a debit card as designed in the BFY study. First, algorithms that automate cash disbursement to recipients each month on the day of their child's birth date sometimes freeze or fail. These issues are rare: for the first two years of the children's lives, 99 per cent of payments were automatically disbursed on the correct day.[52] However, for families expecting the monthly cash infusion, this failure can be unnerving and put them at financial risk. Second, the debit card cannot carry more than US$10,000, and planned

payments that would put a parent's account over that limit cannot be disbursed. In these cases, funds must be removed from the account for subsequent disbursements to be made. To date, only four participants have been affected by hitting the maximum allotment on the debit card. Third, as with all credit or debit cards, the 4MyBaby card expires after three years, well before the study's intention to stop disbursement of the cash gift. For many parents in the study, even when address information could be confirmed, mail was not a reliable mechanism for receiving the card or letters because of challenges with receiving mail, unreliable carrier service, or lack of a reliable mailing address (e.g., as a result of housing insecurity or homelessness), and multiple attempts to mail cards were needed. In the end, most parents' cards were replaced before the expiration date after they contacted one of the two hotlines. In other cases, replacement card requests were made after the expiration date.

DISCUSSION AND CONCLUSION

Feasible policy implementation strategies in the United States for getting benefits and financial support to people quickly, as might be needed in circumstances of financial or public health crises, on a large scale and with universal reach, are nascent. We draw on implementation lessons offered from the first randomized controlled trial of a monthly unconditional cash gift, the BFY study, launched in 2018, on approaches to disbursing cash to US families with young children as an exemplar of a strategy that is informed by behavioral economic insights, inclusive, and potentially achievable at scale.

The BFY study team considered how the setup of cash disbursement would affect cognitive load and attentional demands, inertia and choice anxiety, and mental tools that might support family objectives in allocation of the money gift. The cash gift was automatically available to the parent after the birth of the study's focal child, and it was guaranteed to be available monthly over the child's first three years of life (irrespective of shifting household

financial or family structure). Cobranded with a 4MyBaby logo, the MasterCard debit card was differentiated from other types of electronic benefit cards and activated upon the parent's consent at hospital bedside, with money loaded each month on the day of the child's birth date, accompanied by a text reminder. The card allowed for ATM cash withdrawals with a small fee and in-person and online point-of-sale transactions where MasterCard was accepted.

Analyses of card transactions and of calls made to the study customer service team suggest successful implementation of the BFY study approach to disbursing cash, both in terms of ease of access and use and in terms of financial inclusion. The monthly cash gifts are typically drained by the end of the family's disbursement cycle, with a majority of the funds spent through point-of-sale transactions online and a variety of vendors. In semi-structured interviews, parents reported few issues with using the BFY money. Although some needed additional support immediately after their enrollment – for example, to confirm whether it counted as taxable income – or occasional assistance with card logistics (such as resetting a PIN or reissuing a lost card), they understood how to use the debit card and did not struggle to find retailers and vendors who would accept it. That is, the administrative burdens they faced in terms of learning and redemption costs were low.[53]

The parents who participated in the BFY study represent diverse racial and ethnic backgrounds; many were not born in the United States, and they reside in communities with a history of exclusion and racism. Systemic discrimination shapes the financial tools to which people have access, with those from minoritized groups, women, and those with lower incomes less likely to be banked.[54] This has implications for the mechanisms through which unconditional cash transfers can occur. For example, preliminary data from the BFY study suggest that only two-thirds received the 2020–2021 pandemic-related stimulus payments. Any system predicated on recipients having bank accounts requires the additional step of working with potential recipients to create accounts. Although this may support the goal of working toward inclusion in the traditional

financial services sector, some may be reluctant to engage with traditional banks, particularly in light of previous negative experiences; moreover, such steps impede goals of rapid disbursement of funds in cases of crisis.[55]

Several challenges prevail in the US context for equitable distribution of social benefits to and financial support of families with children. Administrative burdens related to eligibility, documentation, and related criteria for safety net programs impose direct and implicit costs on eligible families. With government systems oriented toward compliance and monitoring, demands such as proof of identification (e.g., a Social Security number) and child or household member residential and relationship requirements add complexity and contribute to stigma, fear, and related negative ripple effects as people interact with programs. The risks of doing something wrong feel elevated, and the consequences of doing so are stark, ranging from lost benefits to charges of fraud. Furthermore, as demonstrated through recent distribution of the 2021 expanded child tax credit, the tax system is not inclusive of non–tax filers (those who have very limited or no formal earnings); it is not designed to efficiently disburse funds to those who cannot receive direct deposits to bank accounts or do not have known addresses; and given the annual scope of much of the Internal Revenue Service's (IRS's) work and its chronic underfunding,[56] staff and technical capacity to manage predictable, frequent distribution of funds are limited. Working with other US systems such as Social Security is certainly one option for distribution. Reinvesting and expanding the role and capacity of the IRS is another. Yet another is to look to alternative cash distribution mechanisms. The implementation success of the BFY cash gift disbursement and debit card, coupled with strategies applied by a variety of recent guaranteed income pilots in the United States, can add further guidance on structural and behavioral elements to consider in efforts to achieve population reach and scale when providing economic support to families in the United States.[57]

NOTES

1 Bastagli, F., Steward, D., & Orton, I. (2020). *Universal child benefits*. UNICEF. https://www.unicef.org/media/72916/file/UCB-ODI-UNICEF-Report-2020.pdf.

2 Ibid.

3 See Artuc, E., Cull, R., Dasgupta, S., Fattal, R., Filmer, D., Gine, X., Jacoby, H., Jolliffe, D., Kee, H.L., Klapper, L., Kraay, A., Loayza, N., Mckenzie, D., Ozler, B., Rao, V., Rijkers, B., Schmukler, S.L., Toman, M., Wagstaff, A., & Woolcock, M. (2020). *Toward successful development policies: Insights from research in development economics* (Policy Research Working Paper No. 9133). World Bank. https://openknowledge.worldbank.org/handle/10986/33289; and Baird, S., Ferreira, F.H.G., Özler, B., & Woolcock, M. (2013). Relative effectiveness of conditional and unconditional cash transfers for schooling outcomes in developing countries: A systematic review. *Campbell Systematic Reviews*, *9*(1).

4 In 2016, Canada introduced the Canada Child Benefit program, which provides benefits ranging from $5,000 to $6,400 per year to qualifying families, depending on the family's income and children's ages. The United Kingdom launched a child benefit in 1998, and it remains to this day. Denmark's Børne-og Ungeydelse is structured similarly, giving an unconditional cash transfer to children in households under a certain income threshold, and Australia's Family Tax Benefit gives the option of biweekly or annual lump sum payments to income-poor children aged younger than 20 years. See Bastagli et al. (2020); Collyer, S., Curran M.A., Garfinkel, I., Harris, D., Stabile, M., Waldfogel, J., & Wimer, C. (2020). *What a child allowance like Canada's would do for child poverty in America*. Century Foundation. https://tcf.org/content/report/what-a-child-allowance-like-canadas-would-do-for-child-poverty-in-america/?session=1. Also see Organisation for Economic Co-operation and Development. (2019). *Family cash benefits*. https://www.oecd.org/els/soc/PF1_3_Family_Cash_Benefits.pdf.

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ways. First, although the initial version has been expanded over the years to offer slightly higher amounts and to reach more middle- and higher-income families, the 2021 expansion is unique in its universality, that is, everyone except for the very highest earners with a child is eligible for some nonzero amount irrespective of their earnings or tax filings (Marr, C., Cox, K., & Sherman, A. [2021]. *Build Back Better child tax credit changes would protect millions from poverty – permanently*. Center for Budget and Policy Priorities). Second, the amount and disbursement structure of the 2021 expansion differs substantively from its earlier versions, providing up to US$3,600 for each child aged younger than 6 years (and up to US$3,000 for each child aged 6–17 years); in comparison, the maximum available before this expansion was US$2,000. Moreover, these dollars were automatically disbursed on a monthly basis, whereas the credit had only previously been available as a lump sum. The maximum credit is available to taxpayers with a modified adjusted gross income (AGI) of US$75,000 or less for singles, US$112,500 or less for heads of household, and US$150,000 or less for married couples filing a joint return and qualified widows and widowers. Above these income thresholds, the extra amount above the original US$2,000 credit – either US$1,000 or US$1,600 per child – is reduced by US$50 for every US$1,000 in modified AGI (Internal Revenue Service. [2022a]. *IRS: Expanded credits for families highlight tax changes for 2021; many people who don't normally file should file this year*. Retrieved February 15, 2022, from https://www.irs.gov/newsroom/irs-expanded-credits-for-families-highlight-tax-changes-for-2021-many-people-who-dont-normally-file-should-file-this-year).

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experienced by families in prior welfare-to-work experiments in the United States, which produced improvements of 0.15 to 0.20 standard deviations on the achievement of preschool and school-aged children (Duncan, G.J., Morris, P.A., & Rodrigues, C. [2011]. "Does money really matter? Estimating impacts of family income on young children's achievement with data from random-assignment experiments." *Developmental Psychology*, *47*[5], 1263–79). The BFY gift amount is also comparable with the average US$3,200 lump sum income transfers to families with children that come through the Earned Income Tax Credit, shown to have similarly sized impacts on children's cognitive outcomes (Dahl, G.B., & Lochner, L. [2012]. The impact of family income on child achievement: Evidence from the Earned Income Tax Credit. *American Economic Review*, *102*[5], 1927–56.) As feasible, agreements were secured with state and local officials to minimize risk of the cash gift interfering with eligibility for public benefits, including Temporary Assistance for Needy Families, Supplemental Nutrition Assistance Program, Medicaid, childcare subsidies, and Head Start. In two of the four sites, we secured state legislation to ensure this; other sites relied on administrative strategies in collaboration with the study investigators. The parents were informed of any risk to their income eligibility for other programs before consenting to receive the cash gift.

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