



# TESTIMONY

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## BOARD BILL 116 AND UNIVERSAL BASIC INCOME

*By David Stokes*

Testimony before the Housing, Urban Development and Zoning  
Committee of the St. Louis Board of Aldermen

### TO THE HONORABLE MEMBERS OF THIS COMMITTEE

Thank you for the opportunity to testify. My name is David Stokes, director of municipal policy at the Show-Me Institute, a nonprofit, nonpartisan, Missouri-based think tank that advances sensible, well-researched, free-market solutions to state and local policy issues. The ideas presented here are my own and are offered in consideration of legislation that expands the guaranteed income program in the City of St. Louis.

Board Bill 116 expands on a prior pilot program to use \$5,000,000 of federal funds to renew the guaranteed income program within the City of St. Louis. Guaranteed income programs, also known as universal basic income (UBI) programs, are an idea worth discussing and have been advocated for by an unusual and disparate

group of supporters over the years. Nobel prize-winning economist and free-market icon Milton Friedman supported such a proposal during his career. Currently, Charles Murray of the American Enterprise Institute is its most well-known advocate on the political right. More commonly, UBI advocates support it from a more liberal perspective as a way to help guarantee that all Americans (or, in this case, more St. Louisans) have the basic income necessary to meet their fundamental needs.

However, to quote Mr. Murray:

First, my big caveat: A UBI will do the good things I claim only if it replaces all other transfer payments and the bureaucracies that oversee them. If the guaranteed income is an add-on to the existing system, **it will be as destructive as its critics fear.**<sup>1</sup> [emphasis added]

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BB 116 does exactly what Murray says a UBI program should not do. It is an add-on to the existing, complex American welfare state with its myriad program applications and eligibility requirements. In fact, newspaper stories on the proposal quote city officials as stating they intend to make sure the UBI program is explicitly designed not to force recipients off or other programs,<sup>2</sup> as if it is somehow a bad thing for people to reduce their reliance on government aid.

What do critics of UBI in general, and BB 116 in particular, fear? Generally speaking, UBI programs are very expensive to operate, reduce the incentives for employment for some recipients, are poorly targeted toward the truly needy,<sup>3</sup> and do nothing to help lower-income people generate the education or skills to help improve their circumstances.<sup>4</sup> While BB 116 is making use of “free” federal money for this initial program, it could certainly grow into a very expensive local public program. After all, experience has shown that people like receiving money from the government almost as much as politicians (of all sides and parties) like giving it out.

I believe that this \$5 million for the UBI program—if it is to be directed toward relieving poverty or other safety and welfare programs in the City of St. Louis—could be better spent improving the bus system, implementing a water safety instructional program for children, or implementing some type of local earned income tax credit for city residents.<sup>5</sup>

I believe BB 116 would expand the welfare state in St. Louis without addressing any of the known ways to address poverty: education, training, work, community, and personal responsibility. If adopted more expansively than the \$5 million plan under consideration, it would also be a very expensive program in addition to the harm it would do.

Thank you for the opportunity to testify today.

## ENDNOTES

1. Murray, Charles. “A Guaranteed Income for Every American.” *Wall Street Journal*, June 3, 2016, <https://www.aei.org/articles/a-guaranteed-income-for-every-american>.
2. Huguelet, Austin. “St. Louis officials explore \$5 million plan to guarantee income for poor residents.” *St. Louis Post-Dispatch*, Nov. 2, 2022, [https://www.stltoday.com/news/local/govt-and-politics/st-louis-officials-explore-5-million-plan-to-guarantee-income-for-poor-residents/article\\_842fe3be-d222-568c-9447-43be369b03ee.html](https://www.stltoday.com/news/local/govt-and-politics/st-louis-officials-explore-5-million-plan-to-guarantee-income-for-poor-residents/article_842fe3be-d222-568c-9447-43be369b03ee.html).
3. BB 116 may actually be targeted toward the truly needy, which addresses that concern, but which also makes the St. Louis UBI proposal just another welfare program.
4. Mogstad, Magne, and Kearney, Melissa. “Universal Basic Income (UBI) as a Policy Response to Current Challenges.” Aspen Economic Strategy Group, November 2019. <https://www.economicstrategygroup.org/publication/universal-basic-income-ubi-as-a-policy-response-to-current-challenges/>.
5. Admittedly, the latter proposal would be difficult to administer at the local level.



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