

# The Impact of Monthly Unconditional Cash on Food Security, Spending and Consumption: Three-Year Findings from the Baby's First Years Study

## THE BABY'S FIRST YEARS STUDY

Baby's First Years (BFY) is a randomized control study designed to identify the causal impact of a poverty reduction intervention on early childhood development. One thousand mothers with incomes at or near the official federal poverty line and their newborns were recruited from 12 hospitals in four ethnically and geographically diverse U.S. communities in 2018 and 2019.



Families were randomized to receive a high-cash (\$333/month) or low-cash (\$20/month) gift for the first several years of their child's life, with payments beginning right after birth. The BFY cash gift is automatically deposited each month to a debit card on the day of the child's birth. More about the study, pre-registration of measures, and analyses can be found [here](#).



## OVERVIEW

In the United States, social safety net programs, including the Supplemental Nutrition Assistance Program (SNAP) and the Special Supplemental Nutrition Program for Women, Infants and Children (WIC), have been largely successful at decreasing hunger among families and children. Families with lower household incomes often struggle to access resources needed to be healthy and optimize child development, such as safe housing, quality childcare, and nutritious food. SNAP, WIC, and other social programs improve families' abilities to provide resources to help young children thrive. SNAP and WIC have immediate impacts on reducing child poverty and hunger and increasing nutritional food intake, as well as providing long-term benefits for children's education and health outcomes. Nevertheless, meeting nutrition and food needs is challenging for many families with low incomes. As policymakers and program administrators consider how to further improve food security, including through policies that increase family income, new data from the Baby's First Years study provide a look at family food security and how families with low incomes allocate additional funds, including spending on food.

Baby's First Years aims to examine the ways in which income support, via monthly unconditional cash gifts, affects child-specific investments, parenting stress, and children's development in early life. Cash, or direct income support, is a unique intervention. Cash gives families flexibility to use the money as they see best to support their households. Indeed, BFY families use the BFY cash gift in a variety of ways. However, how much families can do with additional cash also hinges on available infrastructure and the economy. Inequities persist, for example, in access to supermarkets and grocery stores (i.e. areas the USDA labels as food deserts).

*A long form of the information presented in this brief can be found in SSRN working paper, [The Impact of Monthly Unconditional Cash on Food Security, Spending, and Consumption: Three Year Follow-Up Findings from the Baby's First Years Study](#) (Gennetian et al., 2024). See working paper for full text and references.*

**97% of families reported receiving assistance from federal food programs at least some of the time during the first three years of their child's life**

**During the child's third year of life, 1-in-4 reported low or very low food security**

## KEY FINDINGS

### *High- and Low-Cash Gift Families Alike:*

- Ninety-seven percent of BFY families reported receiving assistance from federal food programs—WIC and SNAP—at least some of the time.
- Rates of very low food security among BFY families were low (7-10%). Many families may have experienced some food scarcity during the child's third year of life (2021-2022). When recalling the past 12 months:<sup>1</sup>
  - Twenty-four percent reported experiences of low or very low food security.
  - Eight percent reported they were hungry but did not eat because there was not enough money for food.
  - 12% of BFY families reported receiving free meals like food pantries and soup kitchens. Nationally, in 2021, about 7% of households with children used food pantries, which represents a rise over recent years.
  - Rates of receipt of free meals varied significantly by site with just 6% among BFY families in New York City reporting receipt of free meals, compared to 9% of BFY families in New Orleans, 16% of BFY families in Omaha, and 25% of BFY families in the Twin Cities.

### *High-Cash Gift Families:*

- High-cash gift families reported a lower share of income spent on food than low-cash gift families, though they spent a similar amount in terms of dollars.
- While overall spending on food at home was similar for high- and low-cash gift families, high-cash gift families reported spending more money (about \$25 in the prior month) on food eaten out.
- Mothers receiving the high-cash gift reported:
  - Being more likely to meet their intention to breastfeed or not; and
  - Higher consumption of fruits and vegetables among their toddlers.
- Approximately 10-15% of BFY cash among high-cash gift families from 2018-2022 can be traced specifically to spending at food venues, primarily in grocery stores and supermarkets. BFY cash spending in food venues occurs within days of receipt of the monthly high-cash gift.

<sup>1</sup> Low and very-low food insecurity are measured according to USDA guidelines. The six-item scale considers "food not lasting because of money" "cutting size of meals" and "hunger." Affirmative responses indicating experiences of food insecurity are coded as values of one and summed across measures. High scores indicate very low food security and low scores (of 2 to 4) indicate low food security. Appendix B in working paper provides more details on this measure.



## TAKEAWAYS

At the outset of the BFY study, researchers assumed food insecurity would decrease for families receiving the high-cash gift compared to low-cash gift recipients. However, both groups reported high food security and high levels of participation in SNAP and WIC, which provide vital nutrition assistance. Data from the BFY study show that these programs are reaching the intended populations; ninety-seven percent of BFY families reported assistance from at least one of these programs at some point in the first three years of their child’s life. However, data also point to the needs of families being greater than can be met by SNAP and WIC alone—with 1-in-3 families reporting at least occasional food scarcity and 1-in-8 receiving food from food pantries and soup kitchens during the child’s third year of life (2021-22).

While the receipt of the high-cash gift did not impact reported levels of food security, the additional money did reduce the share of income families spent on food each month, and impacted food and overall spending in other ways that are not captured in the food security measure. Families receiving the high-cash gift typically did spend some of their BFY cash at food venues, usually within the first few days of the month. In addition to spending at grocery stores, families receiving the high-cash gift used their BFY cash for food purchases at other locations such as restaurants where WIC and SNAP benefits cannot be used. Beyond meeting nutritional needs, purchasing or eating food at restaurants or other locations may have positive spillovers on family time together and with children. Researchers will continue to track how the BFY cash gift money affects food purchases and nutrition over time.

