

Regular, Monthly Unconditional Cash Gift Increases Families' Time and Money on Children from Infancy through Age 4

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

Direct income support via unconditional cash to alleviate poverty is increasingly being debated by U.S. policymakers at the local, state, and federal levels. One question policymakers debate is how families will respond to unrestricted funds in terms of how they will spend the money and their time. This brief builds on previously published findings from the Baby's First Years (BFY) study,^{1,2} summarizing and extending findings regarding the impact of monthly cash gifts on family income, spending and time through four years of follow-up. While U.S. social welfare programs are typically in-kind and earmarked for covering the cost of certain goods, such as food, housing, childcare, or medical care, unconditional cash transfer programs such as the cash gift used in the BFY study differ by providing direct aid in the form of stable predictable cash. Families participating in BFY receive \$333 or \$20 a month starting from childbirth until three months after the child's sixth birthday. Such cash infusions can help families and children by providing a floor of predictable financial resources.

Benefits to children from the BFY cash gift can be:

- **Indirect**, with money being used to cover stable housing, nutrition, or health care, or by allowing parents to spend on things not usually covered by social welfare programs like gas; or to work fewer hours to improve work-life balance.
- **Direct**, with money spent on child specific goods such as learning materials, clothing or other household goods.

This brief builds on findings presented in previous BFY research (through age 3),¹ by reporting on the impact of the BFY monthly unconditional cash gift on spending on child-specific goods and time spent on child early learning activities through the BFY enrolled child's first four years.

Recommended citation for the information in this brief is: Gennetian, L.A., Duncan, G.J., Fox, N.A. et al. Effects of a monthly unconditional cash transfer starting at birth on family investments among US families with low income. Nat Hum Behav 8, 1514–1529 (2024). <https://doi.org/10.1038/s41562-024-01915-7>.

Supplemental data analysis of age 4 data are from Gennetian, L.A. (2025). Baby's First Years [Unpublished raw data]. Duke University.

KEY FINDINGS

Findings so far show that BFY high-cash gift families had higher net incomes (of approximately \$235/month) on average than low-cash gift families through the 48 months of cash gift receipt.² This translates to a reduction in poverty among BFY families of about 6 percentage points (from 66% at or below poverty based on the official poverty level to 61% at or below poverty). Research from the US Census Bureau concluded that the expansion of the 2021 Child Tax Credit that included advanced monthly payments had qualitatively similar effects on poverty reduction among families with children with comparable incomes as BFY families.³ As child poverty is associated with increased likelihood of chronic illnesses, and worse health, educational and socio-emotional development outcomes,⁴ such reductions in poverty offer optimism for improvements in children's environments that support their development.

High-cash gift families reported higher spending on child specific goods

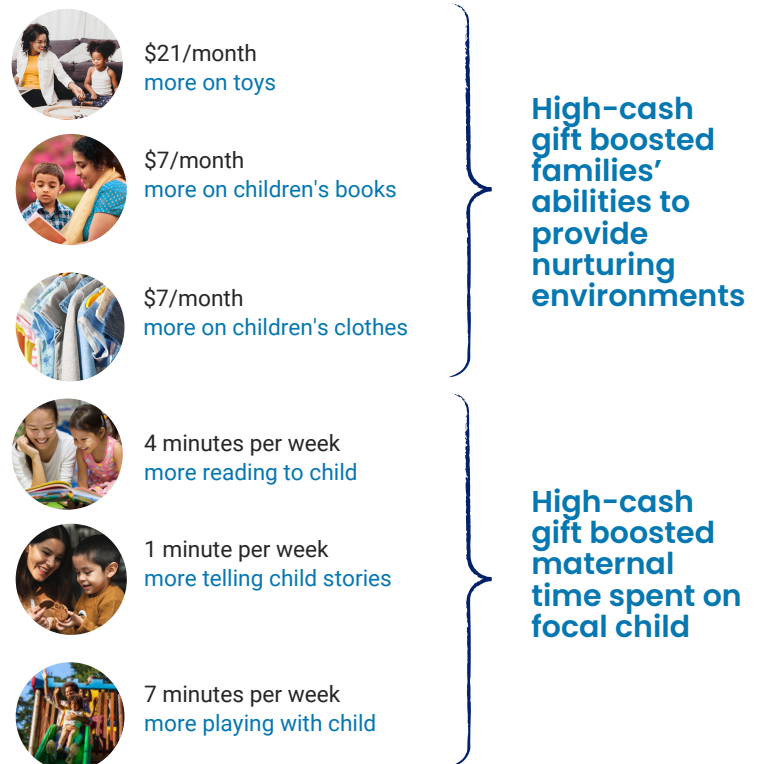
High-cash gift families reported spending \$47 more in the last month on child-specific goods, on average through 4 years, than low-cash gift families. This represents about \$2,300 additional dollars more on child-specific goods that were captured through the study team data collection for the BFY enrolled child over the four years (which represents approximately 14% of the total cash money of \$16,000 disbursed to high-cash gift families).

High-cash gift families spent more than low-cash gift families on books, toys and clothes for the BFY enrolled child each year. While clothes are a basic necessity, toys and books provide opportunities for learning and development. Toys help children develop motor, language and cognitive skills that can positively impact literacy, language and cognitive and behavioral development. The difference in the amount of spending on child-specific goods between high-cash gift versus low-cash gift families varied over time, from \$56 in the prior month when BFY enrolled children were infants, to \$43 when BFY enrolled children were approximately 3 years old, and \$29 per month when BFY enrolled children were 4 years old. Nevertheless, with the exception of programs for use on a phone or computer such as streaming services or apps, there was consistently higher spending on these child-specific items by high-cash gift families for each of the four years after childbirth versus low-cash gift families.

High-cash gift families reported more time spent on early learning activities

High-cash gift mothers spent on average 13* more minutes (7% increase) per week on reading, storytelling and playing with the BFY enrolled child.⁵ For children of high-cash gift families, this translates to nearly 2,500 additional minutes of parental time on early learning activities over the first four years of the child's life, before children enter the K-12 education system.

HIGH-CASH GIFT FAMILIES' CHILD-FOCUSED SPENDING & TIME WHEN CHILD WAS FOUR YEARS OLD



* Child-focused minutes total 13; 12.73 = 7.32 minutes playing + 4.06 minutes reading + 1.35 minutes telling stories.

How do these findings compare to cash or comparable direct services programs?

The 2021 expanded Child Tax Credit differed from the BFY cash gift in many ways including the amount and the source (whereas the BFY cash gift came from charitable sources, the expanded child tax credit was delivered through the tax system). Nevertheless, studies evaluated the impacts of the expanded 2021 child tax credit find that it substantially reduced child poverty. So far, there have not been documented effects of the 2021 expanded CTC on spending on books and toys though there was increased spending on children's clothing,⁶ similar to the BFY findings. Another point of comparison of BFY's impacts on child specific goods and time is programs that provide direct services and goods. A program providing NYC families with low incomes direct material goods such as clothes, toys, and other necessities, valued at \$10,000 over three years (qualitatively similar in value to the cash provided through BFY), found that families in the program had 14 more books and one more toy in the home versus comparable families that were not in the program. Such findings from these two combined with the findings from BFY highlight that both cash and in-kind assistance can be effective strategies for supporting families with children with developmentally appropriate goods.

TAKEAWAYS

Despite concerns regarding how individuals and families will spend unconditional cash assistance, specifically around the idea of spending on vices like drugs and alcohol, results from BFY find no increase in such spending. Instead, BFY study findings show that families with low income who are provided unconditional cash support invested more time and money in their children in ways that can promote child development through learning and playing.



[1] *Regular, Monthly Unconditional Cash Gift Increases Families' Investments in Young Children* Research Brief, June 2024. and Gennetian, L.A., Duncan, G.J., Fox, N.A. et al. Effects of a monthly unconditional cash transfer starting at birth on family investments among US families with low income. *Nat Hum Behav* 8, 1514–1529 (2024). <https://doi.org/10.1038/s41562-024-01915-7>.

[2] Gennetian, Lisa & Duncan, Greg & Fox, Nathan & Halpern-Meekin, Sarah & Magnuson, Katherine & Noble, Kimberly & Yoshikawa, Hirokazu. (2024). Effects of a monthly unconditional cash transfer starting at birth on family investments among US families with low income. *Nature Human Behaviour*. 1-16. 10.1038/s41562-024-01915-7.

[3] U.S. Census Bureau estimates are calculated based on the supplemental poverty level, adjusting for cost of living and for income received from certain government programs. Bureau, U. C. (n.d.). Expansions to Child Tax Credit Contributed to 46% Decline in Child Poverty Since 2020. *Census.Gov*. Retrieved July 29, 2024, from <https://www.census.gov/library/stories/2022/09/record-drop-in-child-poverty.html>

[4] 5 Ways Poverty Harms Children—Child Trends. (n.d.). *Child Trends*. Retrieved July 29, 2024, from <https://www.childtrends.org/publications/5-ways-poverty-harms-children> [5] Gennetian, Lisa & Duncan, Greg & Fox, Nathan & Halpern-Meekin, Sarah & Magnuson, Katherine & Noble, Kimberly & Yoshikawa, Hirokazu. (2024). Effects of a monthly unconditional cash transfer starting at birth on family investments among US families with low income. *Nature Human Behaviour*. 1-16. 10.1038/s41562-024-01915-7.

[6] Schild, J., Collyer, S. M., Garner, T., Kaushal, N., Lee, J., Waldfoegel, J., & Wimer, C. T. (2023). Effects of the Expanded Child Tax Credit on Household Spending: Estimates Based on U.S. Consumer Expenditure Survey Data (Working Paper 31412). National Bureau of Economic Research. <https://doi.org/10.3386/w31412>

[7] Wimer, C., Marti, M., Brooks-Gunn, J., & Waldfoegel, J. (2021). Early impacts of Room to Grow: A multifaceted intervention supporting parents and children age zero to three. *Children and Youth Services Review*, 126, 106041. <https://doi.org/10.1016/j.childyouth.2021.106041>