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**LOW PAY**  
COMMISSION

AN COIMISIÚN UM PÁ ÍSEAL

# Report on piloting a Universal Basic Income (2022)

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**REPORT OF THE LOW PAY COMMISSION  
ON PILOTING A UNIVERSAL BASIC INCOME**

## Table of Contents

Acknowledgements .....	4
Executive Summary .....	5
1. Introduction.....	8
1. Remit of this report.....	8
2. Scope of the Low Pay Commissions Report.....	11
Problems associated with previous UBI pilots.....	14
3. Structure of Report.....	15
2. Concept of UBI .....	16
3. A UBI for Ireland.....	19
1. Previous debates .....	19
2. Preliminary gross costs .....	20
3. Preliminary net costs .....	21
Green Party Proposal .....	22
Social Justice Ireland Researchers' Proposal .....	24
4. Financing a UBI.....	26
5. Need for Microsimulation .....	30
4. UBI Pilots.....	31
1. Why pilot?.....	31
2. Examples of previous pilots .....	31
3. Findings of pilots .....	35
4. Limitations of pilots.....	37
5. Lessons from previous UBI experiments for an Irish UBI pilot .....	41
5. Piloting a UBI in Ireland.....	43
1. Recommendations on general principles for a designing a UBI pilot .....	43
2. Suggested guidelines for genuinely universal UBI pilot .....	46
Choosing a pilot sample .....	47
Operating and evaluating a pilot.....	49
Designing a scheme to be piloted .....	50
Next steps.....	55
Bibliography .....	56
Appendices .....	61
A. Menu of Options for Implementing a UBI Pilot (Redmond et al., 2022).....	61
B. Indicators of interest and their statistical significance (Chrisp et al., 2022) .....	63
C. Possible saturation sites in Ireland .....	65
D. Three examples of how the tax system might be adjusted in a pilot .....	66

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## Executive Summary

1. The 2020 Programme for Government includes a commitment to “request the Low Pay Commission to examine Universal Basic Income, informed by a review of previous international pilots, and resulting in a universal basic income pilot in the lifetime of the Government”. In January 2021, the Tánaiste and Minister for Enterprise, Trade and Employment requested that the Low Pay Commission (LPC) report to him on how best the Government can design a universal basic income (UBI) pilot for Ireland. To inform its considerations, the Low Pay Commission asked the ESRI to conduct background technical research on a universal basic income. The resulting ESRI study accompanies this report
2. The recommendations and guidelines in this report regarding how UBI might be piloted in Ireland should not be seen as an implicit endorsement of the concept of a UBI by the Low Pay Commission.
3. Debate and discussion of UBI has been quite extensive in Ireland and has continued over the last number of decades. Estimated gross costs for a UBI in Ireland can be very high. There are many open questions about how a UBI in Ireland might be designed and financed. The Low Pay Commission recommends that a microsimulation study be performed to investigate how a UBI might work in Ireland, how it might be financed and designed, and what its distributional consequences might be. Consideration should be given to completing this microsimulation study in advance of introducing any UBI pilot.
4. The Low Pay Commission has reviewed previous international UBI pilots and experiments. It identified a number of limitations with these pilots.
  - a. A small minority of the previous basic income experiments were universal. They were nearly all targeted interventions aimed at the unemployed, welfare recipients, low-income households, or other special categories (such as for example artists). A central principle of a UBI is that everyone gets it. That has rarely been piloted.
  - b. Previous basic income experiments have generally only examined what would happen if you increased the recipient’s income through the

distribution of a basic income. However, any basic income scheme will need to be paid for. Therefore, not everyone will see their net income increase from a basic income scheme, some people will have to see their net income decrease due to higher taxes to pay for the scheme.

- c. A central feature of all UBI proposals is that a UBI replaces many or most interventions that are currently made to support low-income households. However, most UBI experiments are undertaken by NGOs, or by regional/municipal government and therefore they do not have the powers to implement a UBI pilot in which the UBI replaces most interventions that are currently made to support low-income households.
  - d. Many of the major claims about the impact of a UBI are about its broad impacts on society. However, most UBI pilots are unable to pick up these societal effects because the payment is distributed to samples of people disbursed throughout the population.
  - e. Many previous experiments are designed such that drawing conclusions from them is difficult. This can be due to a small number of participants or a large number of overly complex interventions.
5. The Low Pay Commission makes five recommendations providing some general principles for running a UBI pilot. They apply regardless of how the scheme or pilot is designed.
- a. Recommendation 1: Any UBI pilot should be a pilot of a scheme that would be feasible for government to implement. The payments should be set at a level that is fiscally feasible.
  - b. Recommendation 2: Perform a microsimulation analysis of the UBI scheme being piloted to evaluate how the scheme might be financed, its distributional consequences and its impact on financial incentives to work.
  - c. Recommendation 3: The piloted UBI scheme should (a) provide a cash/money payment, (b) be paid on an individual/personal basis, and (c) be universal in the sense that it is not means tested and does not carry a work requirement.

- d. Recommendation 4: The UBI pilot be kept as simple as possible with a small number of interventions.
  - e. Recommendation 5: The Low Pay Commission recommends that the government commits to ensuring that the UBI pilot is as well designed as possible, including through any necessary adjustment of tax and welfare legislation.
6. The Low Pay Commission also provides ten guidelines are provided which may help in the design of a UBI pilot for Ireland. These should be seen as non-binding guidelines. They are contingent on the policy preferences of government and should be developed upon as a pilot is designed. They are intended as guidelines for how a pilot could be run. They should not be considered binding guidelines laying down how a pilot must be run. These guidelines fall under four headings:
- a. Choosing a pilot sample
  - b. Operating and evaluating a pilot
  - c. Designing a scheme to be piloted
  - d. Next steps

## 1. Introduction

### 1. Remit of this report

The 2020 Programme for Government includes a commitment to “request the Low Pay Commission to examine Universal Basic Income, informed by a review of previous international pilots, and resulting in a universal basic income pilot in the lifetime of the Government”.

On 25<sup>th</sup> January , 2021, pursuant to Section 7, 10C, (4) (a) of the Low Pay Commission (National Minimum Wage) Act 2015, the Tánaiste and Minister for Enterprise, Trade and Employment requested that the Low Pay Commission (LPC) report to him on how best the Government can design a universal basic income (UBI) pilot for Ireland.

To inform its considerations, the Low Pay Commission asked the ESRI to conduct background technical research on a universal basic income under the terms of the Low Pay Commission-ESRI research partnership agreement.

This study, “A Universal Basic Income for Ireland: Lessons from the International Literature”, which was conducted by Paul Redmond, Seamus McGuinness and Klavs Ciprikis at the Economic and Social Research Institute and accompanies this report. It examined universal basic income pilots that have taken place in other jurisdictions to identify what was learned and what might be relevant to a pilot in Ireland. It also sought to identify which policy objectives a universal basic income pilot could address and its associated risks and financial implications. It concludes by discussing options regarding how a pilot in Ireland might be designed and run.

The terms of reference for the ESRI research stated:

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### *Terms of Reference for Universal Basic Income Study*

*The Programme for Government includes a commitment to “request the Low Pay Commission to examine Universal Basic Income, informed by a review of previous international pilots, and resulting in a universal basic income pilot in the lifetime of the Government”.*

*On 25th January 2021 the Tánaiste and Minister for Enterprise, Trade and Employment requested that the Low Pay Commission examine Universal Basic*

*Income and make recommendations on how best to meet this commitment in the Programme for Government.*

*The Low Pay Commission understands that a ‘universal basic income’ may be defined as an unconditional state payment that each citizen receives.*

### **Universal Basic Income Study Terms of Reference**

#### **Question 1: What are the key messages from academic literature on UBI?**

- a) from the literature, identify the main policy objectives a UBI is expected to deliver*
- b) from the literature, identify the key risks of introducing a UBI and potential mitigation actions*

#### **Question 2: How have other countries run UBI pilots? And what can be learnt from them to guide Ireland’s pilot?**

*Examine Universal Basic Income (UBI) pilots in other countries, specifically:*

- a) establish the main policy objectives that each pilot sought to examine;*
- b) identify any potential policy objectives that were considered but then excluded and why;*
- c) describe the scope of each pilot;*
- d) summarise the findings of each pilot and assess their robustness;*
- e) assess how, in retrospect, each pilot could have been improved, and*
- f) draw conclusions from all of the above for any UBI pilot in Ireland.*

#### **Question 3: How might a UBI in Ireland work? What policy objectives might a UBI aim to achieve in the Irish context?**

*Consider the implications of the introduction of UBI in Ireland by examining:*

- a) The different rates at which UBI could be set;*
- b) the fiscal implications of the different potential rates of UBI (what it would cost in gross and net terms and how it might be funded);*
- c) the possible interactions between UBI and other policy instruments, such as tax rates, social insurance rates;*
- d) the labour supply implications of any tax changes needed to finance the introduction of UBI;*
- e) the distributional consequences of the introduction of a UBI scheme compared to the current contingency-based scheme;*

- f) *depending on the differing UBI rates, what changes to other policy instruments might be considered as part of the introduction of UBI (might part of the state pension, carers allowance etc. be redesignated as a UBI payment?);*
- g) *the impact on recipients (e.g. health, education opportunities, etc.) and*
- h) *on the basis of the above, what research questions might a UBI pilot answer?*

**Question 4: How might a UBI pilot be designed for Ireland? What question(s) should a UBI pilot aim to answer?**

*Drawing on questions 1, 2 & 3, make recommendations for a UBI Pilot for Ireland, including areas such as:*

- a) *which policy objectives could be accurately assessed in a pilot;*
  - b) *what risks would be associated with the pilot and how would they be mitigated;*
  - c) *whether the payments made to participants in any UBI trial should be fixed across participants or based on the net payment they would receive after any anticipated tax/welfare changes.*
  - d) *scope/parameters/rules;*
  - e) *target population(s);*
  - f) *expected expenditure on UBI payments during the course of the study;*
  - g) *evaluation methodology;*
  - h) *metrics, and*
  - i) *data collection procedures.*
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The ESRI study did a number of very useful things. It outlined some features of the international literature on UBIs. It reviewed Irish debates on UBIs. It provided a review of some previous international pilots. It provided some gross cost estimates of a UBI in Ireland. And finally, it provided “A Menu of Options for a UBI Pilot”. The menu is provided in Appendix A below.

The following report, prepared by the Low Pay Commission, draws heavily on the ESRI study by Redmond et al. It also draws heavily on two other recent studies. The first is the recent paper “Basic income experiments in OECD countries” (Chrisp et al., 2022).<sup>1</sup> This paper provides an evidence-based summary of recent and on-going basic

<sup>1</sup> [Basic income experiments in OECD countries](#)

income experiments in OECD countries.<sup>2</sup> Using systematic review methods Chrisp et al. identified 38 relevant experiments, 21 of which had been completed by November 2021. The second study is “Assessing the Feasibility of Citizens’ Basic Income Pilots in Scotland: Final Report” prepared by the Citizens’ Basic Income Feasibility Study Steering Group in Scotland, June 2020.<sup>3</sup> This was a major project to assess the feasibility of a Citizens’ Basic Income and to assess how a pilot might be designed. It received funding of £250,000 over 2 years from the Scottish Government. The work was undertaken in collaboration by four local authorities (City of Edinburgh, Fife, Glasgow City and North Ayrshire), NHS Health Scotland, and the Improvement Service for Scottish local government.

## 2. Scope of the Low Pay Commissions Report

A challenge faced by the Low Pay Commission in preparing this report was the prescriptive nature of the commitment in the Programme for Government. The Commission was asked to “examine Universal Basic Income, informed by a review of previous international pilots, and resulting in a universal basic income pilot in the lifetime of the Government”. Therefore, the examination of Universal Basic Income by the Low Pay Commission was required to result in a pilot.

This commitment did not allow the Low Pay Commission to perform an open-ended evaluation of the pros and cons of a UBI per se. Rather, the examination of UBI had to result in a pilot. The bulk of the rest of this report is therefore given over to consideration of how to pilot a UBI.

However, the recommendations and guidelines in this report regarding how UBI might be piloted in Ireland should not be seen as an implicit endorsement of the concept of a UBI by the Low Pay Commission.

The Low Pay Commission was not asked to evaluate the concept of a UBI. Nor was it asked to evaluate whether or not UBI should be piloted. However, the fact that the

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<sup>2</sup> The term “experiment” is a broader term than “pilot” but refers to broadly similar phenomena. The term “pilot” has some implications that “experiment” doesn’t have. Firstly, a basic income experiment might refer to a scheme not intentionally designed as a basic income but nevertheless having such characteristics that it can be considered a basic income experiment. In contrast piloting a basic income scheme suggests a deliberate intention to trial-run basic income. The second difference is that a “pilot” implies that it is a “trial-run” of a policy that could feasibly be implemented more broadly if the pilot is a success. An experiment does not imply that the scheme could feasibly be implemented.

<sup>3</sup> [Assessing the Feasibility of Citizens’ Basic Income Pilots in Scotland: Final Report](#)

Commission was asked to “examine Basic Income”, and the fact that the design of a pilot requires consideration of what a fully-fledged scheme would look like, means that the Commission’s deliberations and recommendations need to be set in a broader context. Decisions regarding a pilot need to balance trade-offs between, for example, improved precision of estimated effects from increased sample size, the costs associated with such improvements, the limitations imposed on and the likelihood that the improved evidence available at higher cost will allow a move from a pilot scheme to a fully-fledged scheme. Commission members differ in their judgements regarding such trade-offs in ways which affect the recommendations and guidelines it proposes.

Further, if the Low Pay Commission had been invited to evaluate whether or not UBI should be piloted there is not consensus on the commission that we would recommend that a pilot should be run within the lifetime of this government. Some members expressed the belief that a UBI pilot is an improvident use of taxpayers’ money, given the limitations on the nature of the evidence which can be generated from a pilot and given that none of the many international UBI pilots and experiments have resulted in a basic income scheme.

Some members expressed the view that a pilot of a guaranteed minimum income scheme would be preferable. They were sceptical that a UBI scheme where, for example, a middle-income earner received €10,000 but paid an extra €11,000 in tax was preferable to a guaranteed minimum income scheme where that middle income earner simply paid an extra €1,000 in tax. Given the distortionary effects of taxation, the large cost of a UBI relative to a more targeted guaranteed minimum income scheme, they expressed a preference for a guaranteed minimum income scheme.

Other members expressed interest in the separate proposal from the National Economic and Social Council (NESC) for a “participation income” where a person would receive “an income for making a societal contribution”. The idea is that through this “currently unpaid, but of societal value, such as voluntary or caring work, could be recognised in some way” (NESC, 2020: pp.100-101)

A number of members of the Commission suggested that a microsimulation study of a UBI for Ireland would be advisable before any pilot takes place. However, this would likely push the initiation of a pilot beyond the lifetime of this government.

Other members however were more enthusiastic about potential findings of a pilot and were supportive of the project and felt that running a pilot was a serious undertaking and that it was a provident use of taxpayer funds.

The Low Pay Commission also noted that there are some insurmountable difficulties associated with running a UBI pilot in the form of a scheme that could be implemented more broadly.

The basic idea of a “pilot” is that is a “trial-run” of a policy that could feasibly be implemented more broadly if the pilot is a success. However, it is not possible to trial-run a UBI scheme in the exact form of a scheme that could feasibly be implemented more broadly.

The essential problem here is that a UBI would need to be paid for. Therefore, not everyone would gain financially from a UBI. A UBI cannot be a universal increase in net income. Not everyone would have a net increase in their income. Some people would have to have a net reduction in their income with the introduction of a UBI.

However, it seems practically, legally and ethically unfeasible to pilot a policy intervention where some people have a reduction in their net income because of participating in the pilot. This last problem is almost certainly irresolvable in designing a pilot. Meaning that any UBI “pilot” would not be able to pick up all the effects of the increased taxes needed to finance a UBI. Arguably this makes “piloting” a UBI impossible. All that can be done is to pilot a scheme as close as possible to a real UBI scheme.

It is essential in examining and evaluating any UBI proposal that the impacts of a UBI on the net losers in the scheme are looked at. It is necessary to not only look at the behavioural changes of those who benefit from the introduction of a UBI, but also at the wider distributional consequences of introducing a UBI. Therefore, one recommendation that the draft report makes repeatedly and strongly is that a microsimulation modelling exercise be performed to provide some analysis on these questions.

It is likely that any UBI pilot will be very expensive. For comparison €25 million was allocated as part of Budget 2022 to provide for the launch of the Basic Income for the

Arts Pilot. The UBI pilot is likely to be more extensive than the Basic Income for the Arts scheme, if not more expensive. Therefore, despite the above concerns, given the very large sums of public money potentially being spent on a UBI pilot, the Low Pay Commission believed it was worth trying to recommend how a pilot might be designed in the best possible fashion. This can be done by learning from both the literature on how best to design a UBI pilot and the international experience of UBI pilots and experiments and by trying to overcome some of their failings. Ideally, a pilot should be as close as possible to a feasible scheme, and we should learn as much as possible from it.

#### Problems associated with previous UBI pilots

The literature on UBI gives a lot of attention to UBI pilots and experiments. Discussing these previous pilots and experiments take up a large amount space in the large number of books and articles that discuss UBI. However, despite this, none of the supposed “UBI pilots” that Commission has encountered in the literature have actually been a pilot of a UBI scheme. In addition to the above point regarding the impossibility of trialling a UBI scheme that could fund itself, there are a few other reasons for this.

Firstly, a small minority of the previous experiments were universal. They were nearly all targeted interventions aimed at the unemployed, welfare recipients, low-income households, or other special categories (such as for example artists). A central principle of a UBI is that everyone gets it. That has rarely been piloted.

Secondly, a central feature of all UBI proposals is that a UBI replaces many or most interventions that are currently made to support low-income households. The intention here is to (a) remove the stigma associated with receiving welfare benefits/tax benefits, and (b) to remove welfare and tax cliffs. For example, the idea is that if you take up employment you would no longer suddenly lose your welfare payment because the payment would continue, because a UBI is paid to everyone and is not conditional on being unemployed. However, most UBI experiments are undertaken by NGOs, or by regional/municipal government and therefore they do not have the powers to implement a UBI pilot in which the UBI replaces most interventions that are currently made to support low-income households.

Thirdly, many of the major claims about the impact of a UBI are about its broad impacts on society. For example, through removing the stigma associated with receiving welfare payments, reducing crime, increasing volunteering and political engagement and through the “creation of new social enterprises to meet the needs of a community, informal childcare networks, or the creation of new clubs and organisations” (CBI Feasibility Study Steering Group, 2020: p.45). UBI pilots are rarely able to pick up these societal effects because the payment is distributed to samples of people disbursed throughout the population.

It would appear unfeasible to run a pilot where some people have a reduction in their net income because of participating in the pilot. Therefore, piloting an actual feasible UBI scheme does not seem possible. Despite this limitation, a lot can be done to address the other three problems described above through careful pilot design. This report considers a number of possibilities in designing a pilot that is universal, allows for society/community level impacts, and where the UBI replaces many of the interventions that are currently made to support low-income households.

### 3. Structure of Report

In addition to the above problems associated with piloting a UBI, a further problem is simply defining what is a UBI. The central problem here is that UBI advocates are not agreed on how big a UBI should be. Some think any universal unconditional payment is a UBI. Others think a UBI needs to be sufficient to live on. This ambiguity is considered in Chapter 2 of the report.

Chapter 3 considers debates around the issue of a UBI in Ireland. It gives an overview of the history of debates on a UBI in Ireland and examines two recent proposals for a UBI: the Green Party Proposal from 2019 and the Social Justice Ireland researchers’ proposal from 2016.

Chapter 4 considers the international experience with UBI pilots and experiments.

Chapter 5 considers how a UBI might be piloted in Ireland. It recommends some principles that should guide the design of any UBI pilot. And it provides some indicative guidelines of how a pilot might be designed.

## 2. Concept of UBI

Despite its widespread debate, an exact definition of the concept of a Universal Basic Income (UBI) is surprisingly elusive, with substantial disagreement about the level at which a Universal Basic Income would need to be set.

However, there is more agreement around the general idea of a Universal Basic Income and rationale for its introduction. Redmond et al (2022) explain that:

The idea of providing a universal basic income has received a lot of attention in recent years among academics, policymakers and the media, and has been described as “the idea du jour in the battle over reinvigorating the welfare state” (Neuwinger, 2021; De Wispelaere and Stirton, 2004; Hoynes and Rothstein, 2019). There are “diverse rationales” put forward in support of a UBI (Gentilini et al., 2020), including: greater coverage and reduced administrative burden on the welfare system; increased fairness in social contracts; redressing power imbalances between employers and employees; improved gender equity; reduced financial precarity; addressing unemployment traps; rewarding unpaid work; and as a mitigating policy for potential job losses due to automation. A UBI is defined as a universal, unconditional payment which provides a sufficient level of cash income that is enough to live on, is not means tested, carries no work requirements and is paid on an individual basis (Van Parijs, 1992; Martinelli, 2017; Hoynes and Rothstein, 2019; Neuwinger, 2021). (2022: p.1)

Other definitions of a UBI are similar.

The above Terms of Reference for Universal Basic Income Study provided to the ESRI state that the “Low Pay Commission understands that a ‘universal basic income’ may be defined as an unconditional state payment that each citizen receives.”

Philippe van Parijs (perhaps the world’s most prominent scholar and proponent of UBIs) and his co-author Yannick Vanderborght define a UBI as a “regular cash income paid to all, on an individual basis, without means test or work requirement.” (2017: p.1)

Social Justice Ireland defines a UBI as “a payment from the state to every resident on an individual basis, without any means test or work requirement. It would be sufficient

to live a frugal but decent lifestyle without supplementary income from paid work.”  
(2016: p.vii)

Between these different definitions there are at least three common principles. Firstly, a UBI is a cash/money payment. Secondly, it is paid on an individual/personal basis. Thirdly, it is universal in the sense that it is not means tested and does not carry a work requirement.

However, there is at least one immediately noticeable area of ambiguity: how high of an income does a UBI need to be?

Although, they advocate for a universal basic income that would be adequate to live on, van Parijs and Vanderborght (2017) do not include any notion of adequacy in their definition of a UBI. They consider a “partial basic income - that is, one that makes no claim to being sufficient to live on if one lives alone” (p.165) as a type of universal basic income. And they advocate for a partial basic income as their preferred means of moving towards a universal basic income that would be adequate to live on (pp.165-169).

In contrast, Social Justice Ireland’s definition states that a UBI needs to be sufficient to “live a frugal but decent lifestyle”.

The Green Party state that a UBI would “lift the greatest proportion of the populace out of poverty” and state that “current levels of welfare payments are not sufficient to do so”. Therefore, both the Green Party and the ESRI study suggest what the ESRI study calls “a true UBI” should be enough to lift people above the “At Risk of Poverty” (AROP) threshold, which is 60% of median income. (2019: p.8-9, 2022: p.11).

There is clearly some conceptual ambiguity about the question of payment level. Some define UBIs such that the income is sufficient to live on. But some others do not include an any reference to sufficiency in their definitions of a UBI. For some this sufficiency might require that is a UBI is enough to lift the individual out of poverty, but for some it only requires that it is enough to enable the individual to live “frugally”.

Chrisp et al. observe, with regards to level of payment that

“sticking strictly to its definition, a UBI can be:

(a) Set at a sufficiently high level that it can replace many or most other benefits. However, it is then likely to be prohibitively expensive.

(b) Set at a sufficiently low level that it is affordable while existing benefits are maintained to guarantee adequacy. However, there are then limited advantages in simplification and the removal of means-testing and conditionality.

(c) Set at a sufficiently low level that it is affordable while removing many or most other benefits in order to simplify the system and remove conditionality. However, there will likely then be large increases in poverty.” (2022: p.8)

The ESRI study observes that “even the definition of a UBI appears to be poorly understood and often misused in the public discourse” (p.5) and that frequently schemes that are not UBIs are referred to as UBIs.

Despite these ambiguities, a UBI can be distinguished from other similar concepts such as a guaranteed minimum income, which would provide a “top up” payment to anyone with an income below a certain minimum level (this would normally therefore involve some form of means-testing), or a targeted basic income, such as the Basic Income for the Arts pilot scheme currently being established by the Department of Tourism, Culture, Arts, Gaeltacht, Sport and Media.

### 3. A UBI for Ireland

#### 1. Previous debates

Debate and discussion of UBI has been quite extensive in Ireland and has continued over the last number of decades<sup>4</sup>. Dowling (1977) developed the first basic income scheme for Ireland, wherein he proposed abolishing all state expenditure outside the basic income scheme. This proposal generated little debate. Both the Commission on Taxation (1982) and the Commission on Social Welfare (1986) rejected basic income on cost grounds and because the primary objective, according to the Commission on Social Welfare, was increasing social welfare rates to adequate levels. Subsequently, Honohan (1987) outlined a full basic income scheme. He estimated a tax rate of over 65 per cent on all personal income would be required to fund this scheme and for that reason did not advocate for the introduction of such a scheme. Callan et al. (1994) also found that an income tax in excess of 65% would be required and recommended against such a scheme.

Since the 1980s, advocates for a UBI in Ireland have included a wide range of people. It has had prominent advocates in Father Seán Healy and Sister Brigid Reynolds. Through the organisation Social Justice Ireland, and previously through the Justice Commission of the Conference of Religious of Ireland, they have been long-time advocates for a UBI in Ireland. And it has been supported by politicians from across the political spectrum from the Green Party (Green Party), members of Democratic Left (Van Parijs and Vanderborght, 2017: p.192), and members of Fianna Fáil (The Journal, 2015).

However, perhaps its most serious consideration was as part of the discussion around the social partnership agreement 'Partnership 2000, for Inclusion, Employment and Competitiveness'. Redmond et al. (2022) explain that "As part of this, a Steering Group was established in 1998 to investigate the potential for a basic income in Ireland. Several research papers on basic income policies were commissioned (see, Callan et al., 1999; Clark, 1999), and following this the Irish Government published a Green

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<sup>4</sup> See Ward (2016) for a useful historical overview of these debates in Ireland. See also Redmond et al. (2022: pp.7-13).

Paper on UBI to summarize the main issues and to encourage informed debate in this area (Government of Ireland, 2002).”

The current most prominent advocates of UBI remain the Green Party, Social Justice Ireland and Basic Income Ireland. Basic Income Ireland is the umbrella group for those campaigning for a UBI for Ireland.

## 2. Preliminary gross costs

Redmond et al. consider four possible UBI approaches, all of which would involve an unconditional payment to every individual aged over 18 in Ireland.

The first is a “baseline UBI” of a non-means tested, universal payment equivalent to 60 percent of median equivalised disposable income (€14,387 in 2019, equivalent to €1200 per month). Redmond et al. state that a “true UBI ... would involve a sufficiently large payment to each individual to allow them to live on. While we discuss different thresholds and payments in greater detail below, a reasonable estimate of the minimum income required to ensure a person is not in poverty is the “at risk of poverty threshold”. This is defined as 60 percent of median annual equivalised income”. Therefore, they argue that this rate is the “option that most closely resembles a true UBI” (p.31) According to the 2016 Census of Population, there were 3,424,935 individuals aged over 18 years of age in Ireland.<sup>5</sup> Therefore, this would have a gross cost to the exchequer of just under €50 billion per annum if paid to every individual in Ireland aged 18 and over.

The second approach is a payment equivalent to a lower cut-off of 50 percent of median annual equivalised income (€11,989 in 2019, equivalent to €1,000 per month); The gross cost of such a UBI would amount to €41 billion.

Note that in the above two examples, the UBI is calculated as a percentage of median equivalised disposable income. However, implementing a UBI would alter the income distribution. As such, this approach would not represent a viable basis for calculating a UBI on a continuous basis going forward. Nevertheless, Redmond et al. argue it

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<sup>5</sup> See <https://www.cso.ie/en/releasesandpublications/ep/p-cp3oy/cp3/agr/>

represents a UBI rate that would enable individuals to achieve an acceptable standard of living and is there a useful starting point to think about possible UBI rates.

The third approach presented by Redmond et al. is a payment equivalent to the current social welfare rate of €208 per week (€10,816 per year, or €901 per month). The gross cost to the exchequer of this would amount to €37 billion per annum.

The fourth and final approach is to approach the question the other way around. They take a benchmark of €10 billion (gross) and calculate how much could be paid, in terms of a UBI, for this amount. A UBI for a total gross cost of €10 billion per year would equate to a monthly payment of €243 per month, per person. (Note that in the first three examples the payment is weekly, while in the fourth it is monthly.) (pp.31-33)

Total expenditure on all social welfare programmes in 2019 was €20.9 billion. This contrasts with the above four options, which have gross costs of roughly €50 billion, €41 billion, €37 billion and €10 billion respectively.

### 3. Preliminary net costs

While these gross costs are very high, as Redmond et al. observe “One of the core advantages of a UBI is that it could potentially replace some, or all, existing social welfare payments. Having one unconditional payment could greatly reduce administrative costs associated with means tests, while also removing any stigma of benefit receipt among recipients.” (p.33)

Therefore, Redmond et al. present the payment amounts associated with specific social welfare payments in appendices to their report. However, they do not explore this much further arguing that “ultimately, the decision as to which of the existing benefits that could be replaced is a task for policy makers.” (p.33)

However, recent UBI proposals developed by the Green Party and Social Justice Ireland go further in examining what the net costs of a UBI might be if it replaced some, or all, existing social welfare payments. They also propose substantial changes to the tax system to finance the introduction of a UBI.

As these proposals are amongst the most detailed and worked out proposals for how a UBI might be financed in Ireland, it is worth considering them in some depth.<sup>6</sup>

#### Green Party Proposal

As quoted above, in the Green Party Universal Basic Income Policy (2019), the Green Party state “As the aim of a UBI is to lift the greatest proportion of the populace out of poverty it is assumed that current levels of welfare payments are not sufficient to do so or do not represent a fair redistribution of national income to achieve lower levels of poverty within the state. The Green Party believes that the UBI should be benchmarked to the most recent data on poverty rates and minimum disposable incomes with an ongoing review process that resets rates on a five-year basis.” (p.8)

Therefore, they advocate setting the at risk of poverty threshold (60 percent of median equivalised disposable income). The Green Party policy paper uses the 2014 AROP of €10,926. The use of this 2014 figure makes assessing the proposal slightly difficult as the other figures in the Green Party’s calculations appear to come from figures for Budget 2019 (p.18). It is also not clear why the Green Party advocated that the UBI rate “resets on a five-year basis” rather than on an annual basis.

As Redmond et al. note, “while the Green Party UBI proposal is valuable addition to the policy discussion on UBI in Ireland, there are several aspects of Green Party (2019) that could benefit from further clarification in future policy documents” (p.14).

The Green Party recommend a rather complex system of weekly payments with a number of age tiers.–Payments for under 18s would go to their parents and be equivalent to then current child benefit of €32.21. With 1,372,000 people aged under 18, they estimate this would amount to an annual figure of €2.3bn. Payments for 18-21 year olds would be €112.70. With 196,000 people in this age bracket, they estimate this would amount to an annual figure of €1.15bn. Payments for those aged 21-26 would be €157.80. With 245,000 people in this age bracket, they estimate this would

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<sup>6</sup> There are other proposals for a UBI in Ireland that are not considered here. For example, Quinn and Baker “A New Model of Basic Income for Ireland” (2021) propose a system where a substantially expanded Universal Social Charge is used as the primary tool to finance a UBI. In correspondence with the Commission Secretariat, Seán Ward, one of the researchers who drafted the 2016 chapter of the Social Justice Ireland book discussed below recommended that focus instead be given to Ward (2021), which considers the equity dimensions of a UBI, and in contrast to Murphy and Ward (2016) is endorsed by Social Justice Ireland. However, as mentioned in footnote 8 below, Ward (2021) does not examine the net cost to the exchequer of the model of a UBI that it proposes and is therefore not considered in this chapter.

amount to an annual figure of €2.0bn. Payments for those aged 26-67 would be €203. With 2,499,000 people in this age bracket, they estimate this would amount to an annual figure of €26.38bn. For those aged over 65, the payment would also be €203, with 588,000 people aged 67+, this would come to €6.2bn per year. Cumulatively the Green Party estimate their UBI scheme would amount to a gross cost of €38.0bn.

However, under the Green Party proposal the majority of this would be clawed back either through changes to the tax system or because it would simply replace existing payments. To begin with, the payment for under 18s would be the same as the current child benefit. So, the Green Party claim there would be no additional cost, the net cost would be zero. Likewise, the €203 paid to those aged over 67 would for the most part simply replace existing pension payments. They estimate the net cost would only be 100m, with an implied clawback of €6.1bn (98.4% of the gross cost)<sup>7</sup>. The appendix to Redmond et al. informs us that €8.2bn was spent by the state on pensions in 2019. (Redmond et al.: p.43) The Green Party state “any current state benefit (e.g. old age pension) will still be paid, but since UBI is also being paid then the old age pension supplement will be the equivalent between the current old age pension and the UBI amount, presently €45.30 per week, so that the old age pensioner still receives the €248.30 amount....All those over 67 will be in receipt of retirement benefits from the State in excess of the proposed UBI. €100m is an estimate to cover inadequate Non-Contributory Pension and currently excluded persons.” (Green Party: pp.17-18)

Most of the net cost is therefore the additional payments to the working age population aged 18-67. For the working age population, including those receiving social welfare payments, the gross cost of UBI payments is €29.5bn. However, even here the Green Party expect a significant €23.1bn clawback.

Through replacing existing welfare payments alone, the Green Party estimate a saving of €6.9bn. They explain that “When UBI is introduced, current UBI type payments will be abolished such as Old Age Pension, Unemployment Benefit, Children’s Allowance and Maternity Benefit. [Note that (a) difference between the current rates for these benefits and UBI will be made up by further payment by the state, for example if a

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<sup>7</sup> The Green Party give the over 67 population as 588,000. At €203 each per week that is an annual cost of €6.2bn. They give “costs less offsets” as €100m, implying the “offsets” or clawback is €6.1bn. (p.18)

woman of 30 years of age qualifies for maternity benefit of €235 per week, but her basic income is €203, then the state will pay her a further €32 per week.) And (b) other welfare benefits (e.g., medical card) will not change and be subject to the same terms and conditions as currently.]” (p.17)

In addition to replacing many welfare payments, they propose abolishing tax credits and the lower 20% rate of tax, with all taxable income becoming subject to the 40% rate. The intention is that the UBI payments make up for the lost income arising from these tax changes. They estimate abolishing tax credits would yield €8.2bn, while the tax change would yield €7.9bn. The gains to the exchequer of replacing existing welfare payments (6.9bn) and reforming the tax system (8.2bn+7.9bn), would yield a total of €23.1bn (78.3% of the gross €29.5bn cost). This implies an estimate net cost to be funded for the working age population of €6.5bn, only 17.1% of the gross cost of €38bn. (Green Party: 18) Where they propose getting this €6.5bn is discussed in section 4 of this chapter.

#### Social Justice Ireland Researchers’ Proposal

Aside from the Green Party, one of the main advocates of the UBI for Ireland is Social Justice Ireland (SJI). As SJI and before it the Justice Commission of the Conference of Religious of Ireland has been campaigning for the introduction of a UBI for many years, they have produced a variety of different papers detailing different types of schemes.

One of the clearest attempts by SJI researchers to estimate the net cost of a UBI is the chapter “Costing a Basic Income for Ireland” (Murphy and Ward, 2016) from the SJI book “Basic Income: Radical Utopia or Practical Solution?” (2016).<sup>8</sup> This proposal uses figures for 2015.

As with the Green Party proposal, Murphy and Ward propose a weekly payment for children aged under 18 equivalent to the then child welfare payment of €31.05. The gross annual cost they estimate as €2.0bn. The payments for those aged 66-79 would be €230.30 and for those aged 80+ would be €240.30. These are the same as the

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<sup>8</sup> Seán Ward, one of the authors of this chapter, in a communication with the Low Pay Commission Secretariat, wished to clarify that this chapter is not a proposal endorsed by Social Justice Ireland. Rather he explained that Ward (2021) is the UBI proposal currently endorsed by Social Justice Ireland. However, Ward (2021) does not estimate the net costs of introducing their proposed UBI and is therefore not examined here.

Contributory State Pension rates in 2015. They estimate the annual gross cost as €6.8bn. Their proposed weekly payment for working age adults (18-65) is €150.<sup>9</sup> They estimate the gross cost as €22.5bn. The total gross cost of this UBI scheme would be €31.3bn.

<b>Table 1: Other Department of Social Protection Expenditure Maintained Under a System Of UBI</b>	
<b>Payment</b>	<b>Cost (€m)</b>
administration	296.3
Back to school clothing and footwear	41.2
Carer's payment (supplement over UBI)	135.8
Child payment (supplement over UBI)	483.9
Citizens Information Board and Pensions Ombudsman	46.9
Cost of Disability allowance	360.3
Death benefit and bereavement	8.9
Domiciliary care allowance	121.3
Free travel	77
Fuel allowance	205.9
Household benefits package	221.1
Miscellaneous Services	7.1
Mortgage interest supplement	11.4
One-parent family payment (supplement over UBI)	346.2
Other working age income supports	42.1
Redundancy and Insolvency	44.2
Rent supplement	310
Respite care grant	124.6
School meals	39
treatment benefits	30
Working age Employment Supports, including Unemployment Supplement	890.2
<b>Total additional payments and administration and DSP items</b>	<b>3,843</b>

As with the Green Party proposal Murphy and Ward propose abolishing all tax credits and tax reliefs and replacing the 20% rate of tax with a general 40% rate. They also propose abolishing Employee PRSI and the Universal Social Charge, with Employer PRSI increasing to 13.5%. While the Green Party give some details of what welfare payments will be abolished, Murphy and Ward take the opposite approach saying all

<sup>9</sup> Note that a full Jobseekers' payment in 2015 was €188. Therefore, the Social Justice Ireland researchers' proposal is a proposal for a partial UBI.

welfare payments will be abolished with the exception of those in Table 1 above. (pp.127-129)

As they propose abolishing all welfare payments (worth €19.9bn) except the above payments and top ups (worth €3.8bn). The savings from changes to existing welfare payments is €16.1bn (51% of the €31.3bn cost of introducing UBI).

In addition to the €31.3bn and the €3.8bn described above. The Murphy and Ward calculations include a surplus of €6.8bn currently generated by the tax and benefit system not used by DSP but distributed to other departments, which would need to be funded. They estimate there would be €0.7bn in other savings arising from the introduction of UBI. Therefore, the total cost would be €41.2bn, of which they estimate €7.7bn could be raised from Employer PRSI, while €33.6bn could come from all income tax after the abolition of tax credits, tax reliefs and the 20% rate. For comparison, the actual tax raised was raised through PRSI in 2015 was €8.9bn, while €20.2bn was raised from income tax, the income levy & USC. (Revenue, 2016).<sup>10</sup>

#### 4. Financing a UBI

As can be seen the gross costs of the UBI schemes can be very high. The gross cost in the four schemes considered by Redmond et al. are €50bn, €41bn, €37bn & €10bn for 2019. The gross cost of the Green Party proposal, also for 2019, is €38bn. The gross cost in the SJI costing for 2015 from Murphy and Ward is €31.3bn.

However, as Redmond et al. note “one of the core advantages of a UBI is that it could potentially replace some, or all, existing social welfare payments”. And indeed, in the Green Party proposal the estimates savings of replacing some or all of child benefit (€2.3bn), state pensions (€6.1bn) and other welfare payments (€6.9bn) amounts to €15.3bn (40.3% of the €38bn total). The Murphy and Ward proposal involves savings from the abolishing welfare payments of €19.9bn (63.6% of the €31.3bn total).

It is worth highlight some differences between the Green Party and the SJI estimates.

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<sup>10</sup> [Annual Report 2015 \(revenue.ie\)](#)

Firstly, the Green Party UBI is more generous. As noted above they set it at 60% of the median equivalised disposable household income. Although confusingly they use 2014 figures for a calculation relating to 2019. To add to the confusion, this results in a UBI equal to the headline welfare rate<sup>11</sup> in 2019 of €203. In contrast the Murphy and Ward proposal published by SJI pays less than the headline welfare rate. In 2015, this was €188, while the Murphy and Ward proposal is that working age adults would only receive €150. They therefore proposed top up payments be maintained. (See for example the references to unemployment supplement and one-parent family payment supplement in Table 1 above.) This results in the fiscal cost of these top up payments remaining relatively high.

It should be noted that the inclusion of “top up” welfare payments undermines a central argument for the introduction of a Universal Basic Income, namely, the removal of means testing. Having targeted “top up” payments could however reintroduce the question of means testing. Dealing with this may be highly complicated. For example, currently many Jobseekers Allowance (JSA) recipients are entitled to an additional child payment known as the “Increase for a Qualified Child” (IQC). Under a UBI scheme, even if the UBI was set equal to the headline welfare rate and thereby abolished means testing for adult JSA recipients, it is unclear if unemployed UBI recipients would need to be means tested to access the Increase for a Qualified Child top up payment. If a means test were not required, it is not clear how this targeted scheme could be administered.

A second difference is that the Murphy and Ward proposal lists a number of further costs associated with introducing a UBI not considered in the Green Party Proposal. (For example, the surplus currently generated by the tax and benefit system that would need to be funded after this kind of reform.)

A third difference is that Murphy and Ward estimate that all costs of introducing a UBI could be met through introducing a one tier 40% tax rate and through increasing

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<sup>11</sup> Here we are referring to the rate for Jobseeker's/Illness/Health and Safety/Injury Benefit, Jobseekers Allowance, One-Parent Family Payment, Deserted Wife Allowance, Widower's Pension, Disability Allowance, Farm Assist etc. As described in the third model examined by Redmond et al., this rate is currently €208.

Employer PRSI. The Green Party estimate however even after income tax changes etc their proposal has an unfunded net cost of €6.5bn.

They make a few suggestions about how this could be covered. Firstly, they suggest a role for carbon taxes, but in addition they argue the €6.5bn could be generated from four other types of new taxes saying:

“Here is a selection of the taxes which could be employed:

- A. Pension Funds – while these were taxed @ 0.6 % per annum for 4 years to 2014, and yielded €700m p.a. We propose these be reintroduced and be taxed at 0.6% or more to yield about €1bn per annum.
- B. 5% Site Value Tax will raise about €5bn.
- C. A 0.15% speculative (Robin Hood/Tobin) transaction tax (betting, share trades, currency trades) could raise €1bn.
- D. A 4% increase in stamp duty for property trades which are not of the principal private residence could raise €400m.

The above taxes/savings in total add to in the region of €11.4bn – i.e. more than enough as much as is needed to fund Universal Basic Income.” (pp.13-14)

Caution should be exercised around some of these figures. With regards the carbon tax, it is anticipated that the average annual revenue from carbon taxes between 2021 and 2030 will be €950m. Commitments have already been made around the allocation of these funds.<sup>12</sup> With regards the tax on pension funds, it is not clear why pension funds taxed at 0.6% will raise €1bn, if they previously raised €700m. With regards the site value tax, a 5% rate is very high. The Green Party proposal refers to work by Ronan Lyons on a Site Value Tax, but Lyons in his work generally advocates for a 2% site value tax.<sup>13</sup> He proposes that it replace Ireland’s local property tax, the introduction of which was highly politically contentious and the revenue of which is already

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<sup>12</sup> The government estimates that €9.5bn in additional revenue will be raised by the planned increases in carbon tax over the period 2021 – 2030. €5bn will go to the national retrofitting programme; €3 bn will go to targeted social welfare and other initiatives to prevent fuel poverty and ensure a just transition; and the final €1.5bn will go to schemes to encourage and incentivise farmers to farm in a greener and more sustainable way. See: [Budget 2022 The Use of Carbon Tax Funds 2022](#)

<sup>13</sup> See [site value tax – Ronan Lyons](#) & [site-value-tax-in-ireland-identify-consulting-final-report.pdf \(wordpress.com\)](#)

committed to other expenditures. With regards a financial transactions tax, the Green Party proposal links to the website [robinhoodtax.ie](http://robinhoodtax.ie). However, this website advocates the tax be set at a much lower rate of between 0.01 % or 0.05% not 0.15% and estimates the tax would raise between €320 and €360 million.

In the international literature the question of funding a UBI is universally acknowledged as a major issue. Van Parijs and Vanderborght (2017) note that after the creation of a UBI a large amount of other public expenditure would still need to be funded. They explain how even if you were able to use a UBI to replace half of all social expenditures the numbers are very big:

To get a sense of the order of magnitude, suppose that half of the cash part of social expenditures can be dispensed with in the presence of a basic income at 25 percent of GDP. This would yield a tax rate of 55 percent of GDP in the US, and 65 percent in France. Further, part of the GDP does not take the form of personal income and hence cannot be part of the base of a personal income tax. In the euro area, for example, the share of the GDP that takes the form of incomes paid to households is somewhat above two-thirds of GDP. Assuming all public expenditures are to be funded by a linear tax on all these incomes, the rate required would not be 55 or 65 percent but rather 80 or 90, while still ignoring the shrinking of this tax base owing to various exemptions. (p.137)

These astronomical tax rates raise serious issues regarding the fiscal viability of UBI proposals. Van Parijs and Vanderborght suggest two responses to these issues. “One is to explore alternative sources of funding... The other is to explore the merits of various more modest steps in the direction of a generous unconditional basic income.” (p.147)

They consider a large range of alternative sources of funding. These include taxes: increasing taxation on personal income arising from capital ownership, wealth taxes, corporate taxation, inheritance tax, taxes on natural resources such as taxes on land or carbon, gambling taxes, financial transaction taxes, value added taxes (VAT) and sales taxes. They also consider using the revenue arising from state ownership of natural resources (land, oil etc) or the dividends on publicly owned capital. Finally, they consider the ideas around monetary financing that are advanced by some UBI

advocates. (pp.147-158) However, they conclude that for “the meantime, the taxation of income in the widest possible sense must remain the main source” of funding. (p.154) And argue “none of these alternative sources offers a panacea, or any robust assurance that a generous basic income is economically sustainable, or any reason to believe that, in the short run at any rate, we can dispense with the income tax.” (p.158) They say that it is “likely” that apart from “income taxation...other forms of funding would only be of marginal help”. (p.162)

Instead of advocating these alternative methods of funding they consider methods to reduce the expenditure on a UBI. They consider a number of possibilities such as abandoning the aim of a universal basic income for a targeted non-universal basic income. But they instead advocate for a “partial basic income” that is “one that makes no claim to being sufficient to live on if one lives alone” (p.165).

## 5. Need for Microsimulation

As can be seen there are many open questions about how a UBI might be designed for Ireland. These include basic and fundamental questions like what level should it be set at and how might it be financed, but also more fine-grained questions about how it might interact with the tax and benefit system and analytical questions such as what might be its distributional consequences. These are issues that need to be addressed. It would be impossible to adequately assess the possible impacts of introducing a UBI by simply running a pilot. Equally essential is to perform a microsimulation study to investigate how a UBI might be work in Ireland, how it might be financed and designed, and what its distributional consequences might be.

Therefore, the Low Pay Commission strongly recommends that a microsimulation study on UBIs is performed in addition to the piloting of a UBI. As noted above, completing the microsimulation study before piloting UBI would likely push the initiation of a pilot beyond the lifetime of this government. However, consideration should be given to doing so as this would allow for the best possible design of the pilot.

## 4. UBI Pilots

### 1. Why pilot?

Chrisp et al. observe that “policymakers tend to be keen to experiment with a UBI rather than introduce it as policy” (2022: p.8).

A reason for this is that the proposal to move towards a UBI is a very major proposal. It would involve at the minimum a considerable restructuring of the tax and welfare system, and arguably would involve a major transformation in the nature of contemporary capitalist society. The cost of a UBI that would provide enough to lift everyone out of poverty is very large. Van Parijs and Vanderborght talk about a UBI costing around 25% of GDP. (2017: p.11) The proposal for a UBI has very substantial implications. As no country has introduced a non-temporary UBI at a high level, there remains a large degree of uncertainty regarding the effects of introducing a UBI on people’s lives and on society more broadly. (Chrisp et al.: p.8)

A response to this uncertainty has been to run UBI pilots and experiments. However, as will be discussed in this chapter there are many issues with most previous basic income experiments. We will examine whether the design of a UBI pilot in Ireland can lead to improved evidence, and the likely associated costs of such improvements.

### 2. Examples of previous pilots

In the study commissioned by the LPC from the ESRI, Redmond et al. examine nine basic income pilots. They look at pilot studies in Finland, Canada (Ontario), Spain (Barcelona), USA (Stockton, California) and Germany. And they also review, in less detail, other pilots and schemes that, whilst informative, are perhaps less relevant to a proposed UBI pilot in Ireland. These include schemes in the Netherlands, Alaska, North Carolina and Brazil.

Their findings are as follows:

#### *Finland*

An unconditional basic monthly income of €560 was given to 5,000 people who were receiving basic unemployment benefits between January 2017 to December 2018. A control group of 2,000 were also included in the study. The net benefit of BI was similar to the net benefit of basic unemployment benefits. Persons receiving BI experienced greater life satisfaction and less mental health problems than the control group, as well as feeling better about their economic security. In general, no significant employment effect was observed in the first year of the experiment but for families with children employment rates improved during both years of the experiment. Participants were interviewed and surveyed during and after the BI experiment. The treatment group reported that their trust in other people and social institutions improved compared to the control group, and that they had higher confidence in future possibilities. (Hiilamo and Kangas, 2017; Kangas, 2019)

#### *Canada (Ontario)*

The Ontario Basic Income Pilot (OBIP) began in April 2017 and was scheduled to run for three years but was cancelled by the new government in April 2018 (Ferdosi and McDowell, 2020). The pilot ran in three communities and 6,000 people on low incomes were enrolled in the pilot (4,000 received BI and 2,000 participated as the control group) with demographics representative of Ontario's population. The pilot guaranteed a basic income of 75% of the Low-Income Measure equivalent to 37.5% of median income in Ontario which was \$16,989 per year for a single person and \$24,027 per year for a couple (Mendelson, 2019). Although the OBIP was prematurely cancelled some key findings emerged. Most recipients of the BI reported improvements in food security, housing stability, financial status, social relationships, physical and mental health and less frequent hospital visits. OBPI recipients were able to improve their lives by purchasing additional necessities, eating healthier diets, paying off debts, spending more time with friends and family as well as going back to school (McDowell and Ferdosi, 2021). In terms of labour market outcomes, the majority of BI recipients who worked before the pilot continued to work after receiving BI and many more reported moving to better paying and more secure jobs (Ferdosi and McDowell, 2020).

#### *Spain (Barcelona)*

The B-Mincome experiment ran from November 2017 to October 2019. A random sample of 1,000 low-income households were selected from potential candidates from ten of Barcelona's most deprived areas (Colini, 2019). An additional 383 households participated

passively as the control group. Each household in the treatment group was entitled to guaranteed minimum income between €100 and €1,676 per month. The amount of guaranteed minimum income depended on household maintenance costs and other sources of income. Some of the B-Mincome participants were also required to participate in active policies, such as training and employment, social entrepreneurship programme, and community participation, to avail of guaranteed minimum income. The findings of Barcelona's experiment shown that basic income alleviated the feeling of financial uncertainty and stress, which also contributed to significant improvements in individual wellbeing and life satisfaction when compared to the control group (Riutort et al., 2021). However, B-Mincome's active policies did not increase willingness for entrepreneurship activities or the need to find quality work. In fact, the project as whole reduced labour market participation but those who participated in training and employment programmes and received guaranteed minimum income experienced positive impact on work placements. In terms of financial stability, some households acquired economic independence and were able to plan for the future, while other households did not manage to get out of financial hardship.

#### *USA (Stockton, California)*

The Stockton BI pilot ran from February 2019 to February 2021. A random sample of 125 participants was selected to receive BI from eligible households. To be eligible for the BI individuals had to be at least 18 years old, live in Stockton, and live in a neighbourhood with a median income below \$46,033, which is the city's median household income. However, participants receiving BI could be earning more or less than the city's median income, provided they were living in a designated neighbourhood. Another 200 individuals from the same neighbourhoods were randomly selected as the control group. Each BI recipient would receive an unconditional payment of \$500 per month irrespective of other social supports or income. BI served as a supplement, rather than replacement, of existing social safety mechanisms (SEED, 2019). Although the pilot formally finished in February 2021 only preliminary findings from the first year of the pilot are available. The key findings indicate that BI reduced income volatility, enabled persons to find full-time employment, improved physical functioning and mental health, as well as created new opportunities for self-development (West et al., 2021). BI also had a statistically significant effect on physical and mental health as both improved for BI recipients, but no statistical effect was evident for the control group. Alleviation of the financial strain due to BI meant that more people increased goal setting and risk taking which enabled them to take on training and educational opportunities, as well as search for better jobs, which they were not able to do previously.

### *Germany*

The German Basic Income Pilot Project began in August 2020 and will continue for three years. During the pilot three consecutive studies will be conducted. In the first study a random sample of 122 people will receive an unconditional income of €1,200 per month, which is equivalent to approximately 75% of minimum monthly wage in Germany, for the duration of the pilot and another 1,380 people will serve as the comparison group. Due to the unconditional nature of the payment, many recipients are on relatively high incomes. Approximately half of the BI recipients have net household incomes between €1,200 and €2,600 per month which means that for the first time the impact of BI can be examined in most of society (Bohmeyer, 2021). During the life of the UBI pilot all participants will complete 7 online questionnaires and some will be invited to in-depth interviews about their BI experience. This is one of the longest UBI pilots in the world, and it will apply a variety of scientific methods to examine the impact of BI from a variety of perspectives. (Mein Grundeinkommen e.V., 2020)

### *The Netherlands*

In the Netherlands a guaranteed minimum income experiment ran from 2018 to 2020 in the city of Utrecht. 752 participants were divided into the following four groups: the control group; receive the payment but have no obligation to find and accept work; receive the payment and extra help and guidance to find employment; receive the payment and keep a large part of income from work (Verlaet et al, 2020). Key findings indicate that in all programmes labour market participation improved, more autonomy for recipients, and improved health and well-being. Long term effects of guaranteed BI may be examined with longer timeframe of the experiment.

### *Alaska (USA)*

In 1982 the Alaska Permanent Fund Dividend (USA) was introduced to redistribute profits from the oil industry to all citizens of Alaska in a form of UBI. Dividend payments are affected by company performance which means that cash transfers are not consistent over time. The payment started at \$331 in 1984 but had increased to \$2,072 by 2015 (Marinescu, 2019). Jones and Marinescu (2018) found no effect of the dividend payment on employment but observed an increase in part-time work.

### *North Carolina (USA)*

Since 1997 the Eastern Band of Cherokee Indians in North Carolina, USA, have used dividend transfers to redistribute profits from a casino on tribal land to every tribal member without condition (Marinescu, 2019). The BI guarantee in 2016 was \$12,000 per adult and

child trust of more than \$100,000 (CSJ, 2018). There are approximately 14,000 tribal members entitled to BI. Over the years, guaranteed BI recipients were more likely to be lifted out of poverty than those without BI, less likely to develop psychological problems, such as depression and anxiety, and children were more likely to stay in school longer. Marinescu (2019) also finds that BI recipients work the same number of hours as those who do not receive guaranteed income. The level of basic income is linked to business performance and profits which may not provide a stable and reliable basic income for recipients.

### *Brazil*

In Marica, Brazil, approximately a quarter or 42,000 of its citizens are enrolled in a guaranteed minimum income programme that has been operating since 2015. Initially, each recipient received equivalent to US\$58 in mumbuca, Marica's digital currency, per month. This is approximately 30% of Brazil's minimum monthly income. Since the onset of the Covid-19 crisis, the payment temporarily increased to US\$130 in mumbuca currency. Persons who have lived in Marica for at least three years and are part of a household earning less than three times Brazil's minimum monthly income are entitled to the payment. The main objective of the programme is to alleviate poverty, address economic inequality and improve job security. Although more people receiving the payment are lifted out of poverty there is little research estimating the long-term effects of Marica's programme. (JFI, 2020)

## 3. Findings of pilots

As Redmond et al. detail, "According to economic theory, when considering the labour supply decision, individuals face a trade-off between income and leisure. By allocating more time to work, individuals can increase their income while reducing leisure. Conversely, an individual may decide to work less in order to pursue more leisure. The theory of labour supply suggests that additional unearned income, such as UBI, can negatively affect a person's labour market participation."<sup>14</sup> However, recent empirical research has frequently found evidence of only a modest reduction in labour supply in

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<sup>14</sup> Under this theory individuals have a choice between paid work and leisure. Of course, things are not that simple. Many people are engaged in unpaid work and education, which do not fit in either category. Unpaid care work (elder care, care for people with disabilities, caring for children) is a major issue here. The importance of education and unpaid care work is an issue many UBI advocates highlight and therefore the impact of a UBI on individuals' decisions to engage in more or less education and/or unpaid care work is important for any consideration of UBI.

response to additional unearned income. There have been similar findings with regards UBI. “De Paz-Báñez et al. (2020) carry out a systematic review of the available evidence on the relationship between UBI and labour supply. They find no evidence of a significant reduction in labour supply associated with UBI policies.” This finding is replicated in the individual studies examined by Redmond et al. In general, they find no significant negative employment effects from the introduction of a UBI. However, it should be noted that most studies of labour supply response to UBI pilots do not deal fully with the labour supply effects of the increased taxes which would be required to finance a full scale UBI. (pp.14-17)

Redmond et al. also note that “Recent discussions around UBI policies reference the potential for UBI to positively impact health outcomes (Haagh & Rohregger, 2019), and evidence is emerging from basic income experiments around the world to support this.” The pilots examined also repeatedly detail improved health outcomes from the introduction of a UBI.

Some findings of these pilots are of course not very surprising. Providing unconditional extra income to someone is likely to improve their sense of financial well-being, and financial security and reduce their sense of financial stress.

In their recent systematic review of the evidence relating to recent basic income experiments in OECD countries, Chrisp et al. detail the evaluation of 38 experiments. They identify 60 separate indicators examined in these experiments. They group these indicators under eight headings. These include impacts on health, labour market, education, and consumption. There are also indicators of the impact on social and attitudinal outcomes such as volunteering rates, level of social trust, rate of marital dissolution, work ethic, political participation etc. Finally, there are indicators giving broader evaluation of the experiment, on the level of support for the experiments and on the support for UBI before and after the experiment. These are categorised as policy and political indicators.<sup>15</sup>

Chrisp et al. detail a large number of findings that are suggestive of basic income having various effects, but remarkably few of these findings are statistically significant.

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<sup>15</sup> The full list of these indicators and a list of those found statistically significant is given in Appendix B.

They observe that “the most striking pattern in the results themselves is the lack of statistically significant effects.” (p.23)

They remark on the possible reasons for these statistically weak effects:

“In large part the lack of significant effects is due to the small sample sizes in many of the experiments, which is a problem exacerbated in contexts where multiple interventions are provided. It is also sometimes due to the rarity of the outcome being studied. For example, the likelihood of an individual starting a business or engaging in entrepreneurial behaviour is low in the wider population, so an increase due to the treatment will be difficult to decipher without a large sample size. Even if analysing employment rates, in focusing on particularly deprived groups, exit rates from long-term unemployment are likely to be low and the chances of finding a significant effect are reduced considerably. One might also infer a more fundamental conclusion from this that many of the outcomes studied are structural, intractable issues that any social policy intervention is likely to struggle to impact upon, particularly if the change in policy is relatively minor. For example, when individuals have existing health issues or there are limited job opportunities in their local area, a social security intervention is unlikely to have a significant effect on employment. Based on these various factors, it is perhaps not surprising that the US negative income tax experiments were most likely to find significant results given the scale of the project and the dramatic change in benefit generosity for many recipients.” (p.24)

It would appear previous UBI pilots and experiments have been designed in such a way that they do not allow for clear and robust statistical inferences. It is worth considering these issues and other limitations associated with basic income pilots.

#### 4. Limitations of pilots

A first problem with basic income pilots is that they are very costly to conduct. Therefore, they generally are only conducted on limited numbers. This has a number of implications.

Firstly, with a smaller number of observations it becomes harder to have statistically significant effects. As Chrisp et al. observe, this problem is exacerbated where there are multiple interventions. For example, in the Dutch municipal experiments there were a large number of interventions, with recipients divided into multiple groups with the intention of testing different levels of conditionality. The design of this experiment has been criticised (Standing, 2017: pp.263-266, Barnhoorn, 2016) as it made is very hard to disentangle the different effects of the different aspects of the scheme. One implication of this drawn by numerous researchers is that it is preferable to have a simple sharply delimited study with only one or two clear and simple interventions (Chrisp et al., 2022: p.5; Standing, 2017: p.303). Further, as Chrisp et al. observe, some of the outcomes of interest are themselves rare occurrences – for example starting a business - and therefore with a small number of observations it will be very hard to identify the effect of the intervention. These problems might be somewhat resolved through running the intervention over a longer period, involving more people, and through careful research design. For example, if researchers wanted to know about those starting a business or leaving long term unemployment, they could identify those who do make those decisions during the scheme and use qualitative case study methods to examine if the UBI scheme had an effect on those decisions.

A second problem with the attempts to limit the cost of universal basic income pilots is that they are almost never universal. Rather than giving a basic income universally (i.e., to everyone), most previous experiments have been targeted at the unemployed, welfare recipients and those on low-income.

As can be seen above in the description of the nine experiments examined by Redmond et al., relatively few are actually experiments with universal basic incomes. Most are not universal. The Finish experiment was focussed on the unemployed. While the Ontario, Barcelona, Stockton and Brazil experiments were focused on those on low incomes.

In Chrisp et al.'s systematic review of the basic income experiments, they identified thirty-eight experiments. Only three of these thirty-eight experiments were “universal”, with the majority being targeted at low-income families or benefit recipients. And of these three, only one had been completed as of November 2021: an experiment in

Japan that ran from April 2020-April 2021 funded by billionaire Yusaku Maezawa (p.12, pp.30-31). They note that “currently under-researched elements of a UBI include the effect of the benefit on those that are not already either benefit recipients or members of low-income households” (p.5)

A third problem with previous pilots is that they are normally designed in such a way that they cannot identify community-level impacts of UBIs. As discussed in Chapter 2 above, one of the central defining features of a UBI is its universality. Everyone in a community receives it. Advocates of UBI often claim that a UBI will not only have an impact on individuals by improving their financial situation, but that it will have a community or society wide impacts because everyone will receive the payment.

Examples of these kind of community level impacts might include reductions in crime (Redmond et al.: p.29), the “creation of new social enterprises to meet the needs of a community, informal childcare networks, or the creation of new clubs and organisations” (CBI Feasibility Study Steering Group, 2020: p.45), and increases in volunteering (p.63) and civic and political engagement (Standing, 2017: pp.51-52, p.55, pp.179-180).

In the “Assessing the Feasibility of Citizens’ Basic Income Pilots in Scotland” report prepared by the Scottish Citizens’ Basic Income Feasibility Study Steering Group, the authors advised against the most common methods of piloting a basic income<sup>16</sup>. They advised against the common method, i.e., a targeted basic income, on the grounds that “that it would not meet the universal principle of a CBI and would not generate community-level outcomes”. And they advised against the most common method of testing a genuinely universal basic income, where a universal basic income is distributed to a random sample of the general population, on the grounds that “it would not generate community-level effects because CBI recipients would be spread across a large geographical area.” (CBI Feasibility Study Steering Group, 2020, p.63) Instead, they recommended “a ‘saturation’ model<sup>17</sup> because [they] hypothesised that [they] would require a high proportion of the population within a community to get the CBI if

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<sup>16</sup> The Scottish CBI Feasibility Study Steering Group refer to Universal Basic Income (UBI) as Citizens’ Basic Income (CBI).

<sup>17</sup> As outlined at Guideline 1, page 48/9 below, a saturation pilot is one where all residents of a geographical area are included in a pilot study.

these community-level impacts are to be given their maximum chance to develop” (p.79). The plan for a Scottish UBI, has not proceeded because of Scotland does not have the legally devolved powers necessary to run the type of pilot the feasibility group recommended. (SNP, 2021: p.29)

It should be noted that experiments involving a “saturation site” are very rare, of the thirty-eight experiments examined by Chrisp et al., only three involved a saturation site element. One of these was the now cancelled Scottish CBI pilot. The second was the \$11 million “My People Fund” scheme. This was a non-universal scheme, launched by singer Dolly Parton, targeted at families whose homes were damaged in the 2016 wildfires in Gatlinburg, Tennessee. The final saturation scheme was “Mincome” scheme which ran in Manitoba, Canada between 1974-1979. This was a scheme targeted at low-income adults and included three intervention sites: a random sample of recipients in the city of Winnipeg, a dispersed intervention site of rural Manitoba, and a saturation site of town of Dauphin.

Chrisp et al. do not record a single basic income experiment in any OECD country that is both universal and uses a saturation approach.

A fourth and major limitation of basic income pilots is that they have been exclusively one sided. They only examine what would happen if you increased the recipient’s income through the distribution of a basic income. However, any basic income scheme will need to be paid for. Therefore, not everyone will see their net income increase from a basic income scheme, some people will have to see their net income decrease due to higher taxes to pay for the scheme.

It is unlikely that a pilot could be trialled that reduced people’s net income for both political and ethical reasons. Therefore, any pilot will by its nature not provide all the information needed to policy makers to evaluate proposals around a basic income. Therefore, as noted above, the Low Pay Commission strongly recommends that in addition to any UBI pilot a microsimulation exercise is conducted in order to evaluate the distributional consequences of introducing and financing a UBI.

A fifth and final limitation of pilots is that UBI experiments frequently involve little more than an additional payment to recipients. Most advocates of UBIs do not simply

envision a UBI being in addition to existing welfare payments. Rather they envision UBIs (at least) replacing many welfare payments. Welfare payments being fully or partially replaced generally include payments such as pensions, unemployment benefits, child benefits, in-work income supports, carers allowances, tax credits etc. Generally basic income experiments do not see welfare payments being replaced because most basic income experiments are carried out by NGOs, or at the level of regional or municipal government.

In order to adjust taxes and benefits so that a UBI pilot actually resembles a feasible UBI scheme, government with the power to legislate on taxes and benefits would need to introduce the scheme through a legislative act adjusting taxes and benefits for scheme participants. Of the thirty-eight experiments examined by Chrisp et al., only five of these were led by national governments, with majority being led by NGOs, regional or municipal government.<sup>18</sup>

## 5. Lessons from previous UBI experiments for an Irish UBI pilot

Given the many problems associated with pilots, some of which are described above, some advocates of UBIs are not particularly enthusiastic about UBI pilots.

Van Parijs and Vanderborght (2017) say that “experiments are not very promising in terms of what we can learn from them about the real-life sustainability of basic-income schemes” (p.144) They list a number of major problems with UBI experiments. They point out that most experiments are not universal and/or are not unconditional and obligation-free. They point out that they are serious sample problems of how representative a pilot is of wider society. For example, most participants in UBI experiments volunteer to participate. This is potentially a big problem with people self-selecting because they are more likely than most to gain from participating in the experiment. Also, due to the design of previous pilots it is not easy to separate the effect of the UBI from other welfare inventions. Finally, many of the benefits of a UBI are likely to be unmeasurable in a small sample over a relatively short period. (pp.138-144)

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<sup>18</sup> The interaction of basic income experiments with tax and welfare recipients is discussed under the heading “legal powers” in Appendix 1 of Chrisp et al. (2022: pp.28-37)

Chrisp et al. echo many of van Parijs and Vanderborght's criticisms. They make a number of critical observations regarding the 21 experiments completed by the time they completed their review. Most had only a small number of participants. Most focused on low-income households or benefit recipients rather than on a sample from a universal population. Nearly all were targeted and dispersed rather than universal or using saturation sites. None were both universal and used saturation sites. Perhaps most damningly they observe "No experiments to date have ended with the implementation of a basic income and most have not led to any clear policy reform as far as we could discern from available data." (p.5)

However, they give some clear suggestions for the design of future pilots:

- "Careful consideration should be paid to the sample size and the simplicity of the design to enhance the robustness of the evidence.
- "Currently under-researched elements of a UBI include the effect of the benefit on those that are not already either benefit recipients or members of low-income households, the effect of the benefit over a longer period of time and the effect of the benefit on a (small) community when it is universally provided.
- "Experiments should test schemes and interventions that would be fiscally and legally feasible for that level of government to implement." (Ibid)

This last principle is one the Low Pay Commission strongly recommends. Any UBI pilot should not simply be the provision of a basic income for a section of the population for a period of time. It should be a conscious pilot which (a) trials a proposed scheme that would be fiscally and legally feasible for government to implement, and (b) can help evaluate the proposed scheme.

A problem faced by the Low Pay Commission in producing this report was that it is not clear what type of UBI scheme is to be piloted, or what the questions are that the government might want answered. It is not possible to recommend how to design a pilot without specifying the scheme to be piloted. It is outside the remit of the Low Pay Commission to design how a UBI might work in Ireland. However, in order to be able to give some indication of how a UBI pilot might work in Ireland it was necessary to explore some parameters for a scheme. This is taken up in the next chapter.

## 5. Piloting a UBI in Ireland

This chapter begins with a section which describes five general principles that the Low Pay Commission recommends for the design of any UBI pilot for Ireland.

In the subsequent section, ten guidelines are provided which may help in the design of a UBI pilot for Ireland. These should be seen as non-binding guidelines, which should be developed upon as a pilot is designed.

### 1. Recommendations on general principles for a designing a UBI pilot

The first issue in piloting a scheme is that, as explained above, it should be a genuine pilot of a UBI scheme that would be fiscally and legally feasible for the Irish Government to implement on a national basis.

It is unlikely to be practically, legally and ethically unfeasible to pilot a policy intervention where some people have a reduction in their net income because of participating in the pilot. Therefore, it will not be possible to design a pilot where the pilot fully includes the tax increases that would be necessary to fund a UBI scheme.

There is little value in trialling a UBI scheme where payments are at such a level that there is no feasible way that taxes could be raised sufficiently to fund the UBI payments.

**Recommendation 1: Any UBI pilot should be a pilot of a scheme that would be feasible for government to implement. The payments should be set at a level that is fiscally feasible.**

The first issue in piloting a scheme that would be fiscally and legally feasible for government to implement is to establish if such a scheme would be fiscally feasible. This cannot be established through a pilot. Therefore, we once again reiterate our strong recommendation that in addition to piloting a scheme, that a microsimulation analysis be performed to establish, firstly, how a scheme might be financed, secondly, the distributional and work incentive consequences of a UBI scheme. Any fiscally feasible UBI scheme will have to not only distribute a basic income, but it would also need to raise revenue to pay for the scheme. As such with the introduction of a UBI scheme, while many people would see their net income increase, a large number of

people would also see their net income reduce and/or be faced with higher effective tax rates. It is unlikely to be ethically or legally possible to pilot a scheme that involves people having reductions in their net income. Therefore, to evaluate any proposed UBI scheme, it would be necessary to perform a microsimulation analysis.

**Recommendation 2: Perform a microsimulation analysis of the UBI scheme being piloted to evaluate how the scheme might be financed, its distributional consequences and its impact on financial incentives to work.**

It has been well noted above that most previous basic income pilots have not actually piloted real universal basic income schemes. This is discussed extensively in the literature in Redmond et al., van Parijs and Vanderborght, Standing etc. It is one of the reasons for van Parijs and Vanderborght's criticisms of basic income pilots. As noted above, Chrisp et al. find that only one of the completed experiments they examine was of a universal basic income.

The reason for this is relatively simple, any UBI scheme is most likely going to benefit those who are either on low incomes or might benefit by having their conditional welfare payments be made unconditional payments. Therefore, most experiments focus on distributing basic incomes to people or households with low incomes, the unemployed, other welfare recipients, or occasionally other targeted groups. (Such as the Department of Tourism, Culture, Arts, Gaeltacht, Sport and Media's Basic Income for the Arts pilot, which is currently being established.)

However, the Low Pay Commission strongly recommends that the UBI scheme being piloted should be a genuine universal basic income. There are numerous reasons for this is. Firstly, the commitment in the programme for government is to pilot a universal basic income. And, it has been the repeated stated intention of the Tánaiste and Minister for Enterprise, Trade and Employment that the UBI scheme be genuinely universal.<sup>19</sup> Secondly, as most basic income schemes have not been universal, this is

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<sup>19</sup> See for example the statement from the Tánaiste and Minister for Enterprise, Trade and Employment Leo Varadkar in the [Oireachtas on November 2<sup>nd</sup> 2021](#): "I have always been clear that the proposal for a basic income for artists and the universal basic income were not the same thing. I did not like the fact that they got confused from time to time. Universal basic income is universal, meaning for everyone. Any basic income pilot that was just for any one group in society or any one profession by definition would not be universal; it would be a selective basic income. That is why these projects are being dealt with totally separately. The basic

an area where this pilot could add real new insights. Finally, as this is a government led initiative, unlike with most previous pilots, the Irish Government has the power to introduce a pilot on a legislative basis to ensure that it is a genuinely universal pilot.

As the Terms of Reference for the ESRI study prepared by the Low Pay Commission in 2021 state “a ‘universal basic income’ may be defined as an unconditional state payment that each citizen receives.” Any UBI scheme should fulfil the three common principles of a UBI identify in chapter 1 above: A UBI should be (a) a cash/money payment, (b) paid on an individual/personal basis, and (c) be universal in the sense that it is not means tested and does not carry a work requirement.

**Recommendation 3: The piloted UBI scheme should (a) provide a cash/money payment, (b) be paid on an individual/personal basis, and (c) be universal in the sense that it is not means tested and does not carry a work requirement.**

A common problem with the design of basic income experiments is that they can be extremely complicated. This has been a criticism of both the Dutch basic income experiments (Standing, 2017: 263-266, Barhoorn, 2016) and the B-INCOME experiment in Barcelona (Neuwinger, 2021; Redmond et al., 2022: p.27). Therefore, Redmond et al. repeat Neuwinger’s recommendation that the pilot should not be overly complex. Chrisp et al. argue that researchers should give “careful consideration” to “the simplicity of the design to enhance the robustness of the evidence” (p.5). They warn against replicating the design of past experiments which “have often included multiple interventions, the effects of which are difficult to disentangle, particularly with a small sample size.” (p.24) And Standing (2017) echoes this saying “pilot design must be clear” (pp.303-304). Therefore, a basic recommendation of the Low Pay

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income for artists project is being led by the Minister, Deputy Catherine Martin, and her Department. That is not a universal basic income; it is a particular basic income system for artists. The research being carried out by the Low Pay Commission under my remit is on universal basic income. Generally, when doing a pilot like that - pilots have been done in other countries - people would be randomly selected to participate in the pilot. To be universal it would need to include a mix of people ranging from the very wealthy to the unemployed and ranging from people who are self-employed to totally different professions because that is the nature of it. If and when we do the pilot, that will be the approach taken... I would certainly like to commission the pilot under the term of this Government. Perhaps this is just semantics and just people using terminology differently, as can happen sometimes. The task force proposes universal basic income for artists, which to me is a contradiction in terms. Universal cannot be for just one particular group. Universal means universal. By definition something that is universal cannot be for any one profession or group and I have always been clear on that."

Commission is that the design of the UBI pilot be kept as simple as possible with a small number of interventions.

**Recommendation 4: The UBI pilot be kept as simple as possible with a small number of interventions.**

There are a large number of problems that face basic income experiments that should not be as large a problem for any UBI pilot introduced in response to this report. As noted above, of the thirty-eight experiments examined by Chrisp et al., only five of these were led by national governments, with majority being led by NGOs, regional or municipal government. UBI schemes operated by NGOs, regional or municipal government face major financial and legal obstacles that should not be faced by the Irish Government in the design and implementation of any pilot. For example, the government would be able to adjust tax and welfare legislation to determine how the UBI pilot interacts with the tax and welfare system. This power has rarely been available to organisations that have designed and led UBI pilots in other jurisdictions in the past. This UBI pilot in Ireland could therefore potentially contribute very substantially to the international debate on UBI. Therefore, the Low Pay Commission recognising the limitations of previous pilots in other jurisdictions, recommends that the government commits to ensuring that this UBI pilot is as well designed as possible, including through any necessary adjustment of tax and welfare legislation.

**Recommendation 5: The Low Pay Commission recommends that the government commits to ensuring that the UBI pilot is as well designed as possible, including through any necessary adjustment of tax and welfare legislation.**

## 2. Suggested guidelines for genuinely universal UBI pilot

While the above recommendations provide some general principles for running a UBI pilot. They apply regardless of how the scheme or pilot is designed. The guidelines in this and the following three sections are contingent on the policy preferences of government. They are intended as guidelines for how a pilot could be run. They should not be considered binding guidelines laying down how a pilot must be run.

### Choosing a pilot sample

Conceptually the idea of a universal basic income is quite simple – everyone in the population gets the income – designing a pilot is a bit trickier because it is necessary to decide who is in the sample where the pilot UBI is implemented. There is therefore a big question about how the sample is selected.

One option is for that people could volunteer to be in the pilot through some kind of applications process. However, this is not a random selection and would not be representative of the general population.

One alternative that might be possible is for those running the pilot to select a sample of people to take part in the pilot. This sample could then be invited to take part in the pilot. However, this reproduces the self-selection problem.

A second alternative is that participation in the sample could be mandatory. In order for this to happen this the pilot would most need a legislative basis. Mandatory participation might be negatively received by scheme participants and might have other legal problems. In order to ensure that people are willing participants in a mandatory scheme, it would be necessary to ensure that no-one's net income is lower from participating in the pilot.

A third possible alternative would be to assign pilot participants into a pilot, but where these potential participants are free to apply to opt-out. This might reproduce some of the self-selection problems while minimising them. It could also avoid some of the negative reception of being assigned to a pilot. On the assumption that Guideline 9 below is followed and that no household participating in the pilot has a reduction in their net income due to participation in the pilot (excluding any arising from behavioural changes), this is the Commission's preferred option.

**Guideline 1: Scheme participants should be assigned to a pilot by those running the pilot but allowed to opt-out.**

In terms of how someone is assigned to a pilot there are at least two options. One option would be for people to be randomly selected from the population. One way to do this might be to randomly select people from administrative tax records. This is more likely to reflect the general population.

An alternative option would be to use a saturation site method. A saturation pilot is one where all residents of a geographical area are included in a pilot study.

A benefit of a saturation pilot is that it might allow for the community-level effects, which advocates have claimed would be associated with a universal basic income, to arise.

This is the preferred method in the Green Party proposal. They state: “The Green Party proposes to introduce a trial study of UBI. Similar to the roll out of broadband in Ennis in the 1990s, we would pick a discrete area of Ireland (for example Achill Island (population 2,700)” (p.9) It is also the method preferred by many UBI advocates. For example, Guy Standing in his guide on “How to Run a Basic Income Pilot” says that in a UBI pilot the UBI should be “paid to all those usually resident in the pilot community at the outset. This will enable detection of community effects, including non-economic effects.” And he discusses at length the community aspects of a pilot. (2017, pp.299-317)

As noted in Chapter 4 above, despite its merits, it is a pilot method that has rarely been used. It is also the method recommended by the Citizens’ Basic Income Feasibility Study Steering Group in Scotland (2020).

Given that Ireland is somewhat unique in that the initiative for this UBI pilot is coming from central government, it might be possible to run saturation sites, while most agencies running basic income pilots would not be able to do this.

Ideally, the saturation sites would have a population of between 1,500 and 4,500. A list of all 106 towns in the Republic of Ireland with a population in this range in the 2016 Census is given in Appendix C.

However, there are also some reasons not to use a saturation model. The majority of the Irish population does not live in towns of this size. The effects of a UBI in Ennis or Achill (to use the Green Party examples) could be very different to the effects in Finglas or Ballymun so it may be difficult to generalise from the results. The behavioural impacts could be affected by all kinds of local factors: the local unemployment rate and employment opportunities, the availability of training schemes and further

education opportunities etc. Not having a random representative sample may cast a doubt over how representative the results.

Despite this serious consideration should be given to using a saturation model. If a saturation model is not used, then a random selection of the entire population should be used.

**Guideline 2: Serious consideration should be given to using a saturation site method for the UBI pilots.**

#### Operating and evaluating a pilot

Running a UBI pilot is likely to be a very expensive undertaking. The research costs will be a relatively small proportion of the total costs. Therefore, it is worth ensuring that the analysis and evaluation of the pilot is placed at the centre of any pilot and that this element of the pilot is fully financed. The Low Pay Commission recommends that the pilot is designed, implemented, evaluated and analysed in collaboration with professional social scientists. Redmond et al. state that “There is strong international evidence highlighting the importance of research partnerships in effectively delivering and analysing a UBI pilot.” (p.47) Therefore, we recommend that the pilot involve a research partnership with researchers from academia or from a professional research institute.

**Guideline 3: The pilot design, implementation, evaluation and analysis should involve a research partnership with researchers from academia or from a professional research institute. This research partnership should also be free to give advice on the implementation of the of this report.**

While this research partnership should give recommendations on the implementation of this report, there are some principles on operating a pilot that the Low Pay Commission is able to give.

Firstly, the Low Pay Commission suggests that the research partnership consider a wide range of indicators of interest. Those given in Appendix B are a useful starting point. These should be evaluated through repeat surveys. We further suggest the use of a baseline survey before the implementation of the pilot.

**Guideline 4: The research partnership should use a baseline survey followed by repeat surveys to evaluate a wide range of indicators of interest.**

In addition to using a baseline survey to evaluate changes over time, the pilot should include untreated control groups. If saturation methods are used, the inclusion of control groups would involve studying towns of similar size and type where a universal basic income is not trialled.

For example, in a basic income pilot in Madhya Pradesh, India, twenty similar villages were selected randomly from a wide area: in eight of these, everyone received the basic income and in the remaining twelve villages no one did (Standing, 2017: pp.233-237, p.306).

We suggest that for each town where a basic income is trialled, a similar town where basic income is not trialled is included in the design of the pilot.

It is likely that non-response to surveys would be a significant issue in these control towns and consideration should be given by the research partnership about how to address this issue.

**Guideline 5: The pilot should involve control groups where a basic income is not implemented.**

It has been noted above that it is expected that many of the effects of a universal basic income will take time to emerge. Therefore, it is important that a trial period of a universal basic income continue for long enough to ensure it has time for the UBI to have an effect, if it has an effect. Therefore, we suggest that the UBI trials last for at least two years, and ideally for three years.

**Guideline 6: The UBI trial period should be for at least two years, and ideally for three years.**

*Designing a scheme to be piloted*

Finally, there is the issue of what kind of scheme should be piloted. Here we want to emphasize again that guidelines should be seen as non-binding. These guidelines should be developed upon by the research partnership discussed above.

We would also like to reiterate our belief that a microsimulation exercise is necessary.

With regards the level the UBI should be trialled at the Commission has made a number of considerations.

If a microsimulation study is completed in advance of the pilot, we recommend consideration be given to trialling a scheme at a rate that microsimulation has determined can be financed with changes to the tax and welfare system.

We recommend against trialling a scheme with multiple adult age rates as again it (a) runs against the principle of universality, and (b) runs against the principle that the scheme should be as simple as possible.

We recommend against trialling a scheme where the UBI rate is set equal to the at risk of poverty threshold. The first recommendation we give above is that any UBI pilot should be a pilot of a scheme that would be fiscally and legally feasible for government to implement. We therefore advise against trialling schemes that are larger than are likely to be implemented by government.

This leaves two possible UBI schemes. Under both schemes a payment equal to the current child benefit payment is paid to parents of those aged under 18. In one scheme the UBI rate is set equal to the headline welfare rate (€208), in the other the UBI is set at a reduced rate (€150).

A benefit in trialling the €208 rate is that is closest to the type of payment that is widely discussed in the literature on UBI. It is at a sufficient level to live on frugally, and it would allow for most welfare payments to be replaced by the UBI payment.

A benefit of the partial €150 rate is that is at a level that would be more fiscally feasible for government to implement on a general basis. Many advocates of a UBI do not think that a UBI adequate to live on should be introduced immediately. Instead, they advocate for the initial introduction of a partial UBI. Therefore, evaluating a partial UBI might have more policy relevance.

The preferred option by the Low Pay Commission is to trial both a €208 UBI and a €150 UBI. This would allow an evaluation of whether any positive effects of a UBI that might be detected are dependent on the level of payment.

**Guideline 7: The UBI should be trialled at two financially feasible rates. We suggest that €150 per week is financially feasible and could be implemented. An alternative higher, but financially feasible rate, should also be implemented. (For example, a rate equal to the headline welfare rate, which is currently at €208, might be considered). The payment should be to all those over 18, with a payment equal to the current child benefit rate being paid to the parents or guardians of all those under 18.**

As noted above, the design of a UBI should be as simple as possible. It should involve as few interventions as possible. It should be designed to facilitate comparison with the control groups. However, it should also be as much of a real pilot as possible. It should be designed in such a way that it would be as similar as possible to a scheme that would be fiscally and legally feasible for government to implement.

Therefore, we do not recommend implementing a UBI where it is simply an additional payment made by the state to individuals. Instead, we propose adjusting the tax and welfare system for those in the pilot to recoup some of the costs and to ensure that the UBI pilot corresponds as closely as possible to an implementable UBI scheme.

As in the Green Party proposal and the Murphy and Ward proposal published by SJI, we propose replacing welfare payments for participants with the UBI, while implementing top ups for those whose payments would otherwise be higher. No participants should receive less in payments from the state than they would as non-participants.

No household participating in the pilot should have a reduction in their net income due to participation in the pilot (excluding any arising from behavioural changes).

**Guideline 8: All welfare payments for participants should be replaced with the UBI, while implementing top ups for those whose payments would otherwise be higher. No participants should receive less in payments from the state than they would as non-participants. No household participating in the pilot should have a reduction in their net income due to participation in the pilot (excluding any arising from behavioural changes).**

As stated above, it will not be possible to design a pilot where the pilot fully includes the tax increases that would be necessary to fund a UBI scheme. It will not be possible to fully observe the negative impacts of increased tax necessary to finance a UBI. This should be highlighted in the results of any UBI pilot.

Despite that, the design of the pilot should approximate as closely as possible a fiscally feasible scheme. For that reason, adjustments to the tax system should be made.

A challenge here is to make the pilot as close to a fiscal feasible scheme as possible, (i.e. a scheme where adjustments to the tax and welfare system pay completely for the UBI), while at the same time ensuring that no household participating in the pilot has a reduction in their net income due to participation in the pilot. There is a trade off between ensuring that no-one has a net loss of income, on the one hand, and ensuring that the pilot is close to a fiscal feasible scheme as possible. Unavoidably a choice must be made regarding this.

We recommend keeping the intervention as simple as possible. Therefore, we recommend against introducing any new taxes such as those considered in the Green Party proposal. However, with regards changes to the tax system during the pilot, three major decisions should be made.

Firstly, a decision should be made about how a UBI is taxed, if at all.

Secondly, a decision should be made if there would be adjustments to income tax rates. The Green Party proposal and the Murphy and Ward proposal discussed above, propose abolishing the 20% income tax rate, replacing it with a 40% rate payable on all taxable income. For a single or widowed or surviving civil partner, without qualifying children, the maximum annual increase in taxes payable due to this change would be €7,360 (20% of €36,800 above which 40% is currently paid). The annual UBI payment at €208 would be €10,816, and €150 it would be €7,800. Therefore, the minimum increase in income from the introduction of a UBI, while abolishing the 20% rate, should be €440. For those who are married or in a civil partnership or who qualify for Single Person Child Carer Credit, and who therefore pay 20% tax rate up to a higher tax band, it would need to be ensured that the net income of their household would not be reduced due to their participation in a UBI pilot.

Finally, the possibility of introducing changes to existing tax allowances and credits should be considered. Both the Green Party proposal and the Social Justice Ireland researchers' proposal consider abolishing existing tax allowances and credits. Indeed, replacing tax credits with a UBI is sometimes presented as a core aspect of the idea of a UBI.

However, there are challenges posed by the proposal to abolishing existing tax allowances and credits. Firstly, the existence of tax allowances and credits as they are currently designed encourages people outside the labour market to enter the labour market engage in small amounts of paid work as they are not taxed on very low levels of income. This aligns with one of the declared aims of UBIs, namely removing disincentives to work at the lower end of the income distribution.

Further, removing tax allowances and credits can have a regressive impact.

Finally, and perhaps most importantly for consideration in designing a pilot for Ireland. Ireland's current tax allowances and credits are highly complicated and adjusting them could be highly complicated and could make it very difficult to compare those in the trial with a control group. To use just one example, there is currently an annual allowance Guide Dog Allowance of €825 at the standard rate (equal to a credit of €165). Would it make sense to abolish this, or would it need to be replaced with a top up payment, akin to the top up welfare payments? Given our general recommendation that the intervention be kept as simple as possible, this is a difficult issue to address.

In Appendix D we detail three examples of adjusting the tax system in the pilot that may allow for the design of a pilot where no household participating in the pilot would have a reduction in their net income due to participation in the pilot while also allowing for much of the cost of the UBI be recouped through tax changes. We recommend that consideration be given to these examples in designing the pilot.

**Guideline 9: The interaction of the UBI trials with the tax system should be considered. Consideration should be given to the three examples of how the tax system might be adjusted in a pilot given in Appendix D.**

### Next steps

Finally, as we are recommending that the pilot involve changes to the tax and benefit system for pilot participants, we recommend that an inter-departmental working group be set up involving the research partnership, representatives of the Department of Finance, the Department of Social Protection, and other Government Departments as required, to examine how the above guidelines might be implemented and that legal advice is sought regarding the establishment of a UBI pilot scheme. This group should also consider the policy preferences of government in the design of a UBI pilot.

**Guideline 10: That an interdepartmental working group be established to examine how the above guidelines might be implemented and that legal advice is sought regarding the establishment of a UBI pilot scheme.**

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## Appendices

### A. Menu of Options for Implementing a UBI Pilot (Redmond et al., 2022)

Criteria	Pros	Cons
<b>Treatment and Control Group Selection</b>		
1. Saturation site	Captures community-wide spillover effects (e.g., crime)	May not generalize to the full population
2. Country-wide sampling	The general population is considered	May not capture community-wide spillover effects
<b>The Pilot Sample</b>		
1. All citizens or residents	Resembles a “true” UBI. Note, it is important to clarify eligibility criteria up-front: is it restricted to Irish citizenship, or residency?	Administratively difficult in identifying and selecting participants (to ensure the sample are representative)
2. Unemployed only	Easy to select recipients from Live Register data	Applies only to a very specific group. May not generalize to other groups (employed individuals)
3. Income / earnings criteria	Would capture the effects of a targeted payment towards those that need it (if this was, ultimately, the intended policy)	Not a true UBI. Resembles a guaranteed minimum income pilot instead. May not generalise to the full population in the event of the actual payment being expanded to other groups
<b>Selecting Pilot Participants</b>		
1. Admin data sources	Administratively feasible to select based on characteristics	Not all individuals appear in one single data source (e.g., live register)
2. Application based	Reduces administrative burden of recruiting individuals	Not random
3. Mandatory participation	Easier to gather pilot participants	Possibly legal issues. May be negatively received by the population
4. Voluntary participation	Ensures that the individuals that participate are motivated. May boost follow on data collection	Possibly non-random (selection issues)
5. Large sample size	Critical to have a large sample size to allow for robust, interpretable results	The higher the sample size, the greater the administrative and financial costs
<b>Amount of UBI</b>		
1. 60% of median income (Approximately €1200 per month)	Resembles a “true UBI”	High cost

2. 50% of median income (Approximately €1000 per month)	Resembles a “true UBI”	High cost
3. Equivalent to current social welfare rate (€208 per week)	Resembles a “true UBI”	Has received criticism as being too low
4. Total UBI funding: €10 billion per year – amounts to €243 per month	Lower cost	May not resemble a “true UBI” due to the low level of payment. Lower than other comparable pilots considered internationally
5. Additional consideration: Should UBI replace existing benefits?	Administrative advantages	Potentially disproportionately negative impacts for some groups
<b>Data collection</b>		
1. Telephone interview	Interviewer can engage the participant and probe for further information if needed	Costly to administer
2. Online	Relatively inexpensive to administer	May lead to greater non-response
<b>Pilot Duration</b>		
1. One year	Financially and administratively least costly	Not enough time to derive meaningful conclusions about the effectiveness of UBI
2. Two years	Appropriate timeframe to investigate the impact of UBI in society and economy	Greater attrition as time is increased. Financially and administratively costly
3. More than two years	Time enough for the full behavioural responses to manifest	Greater attrition as time is increased. Financially and administratively costly
<b>Data Collection Timeframe</b>		
1. Every quarter	High frequency data can provide more detailed insights into behavioural changes	Administratively burdensome
2. Every six months	Relatively high frequency	Administratively burdensome
3. Every year	Least costly to administer, and lowest burden on participants	Low frequency data collection is less useful than higher frequency data for statistical analysis

B. Indicators of interest and their statistical significance (Chrisp et al., 2022)

Indicators of interest	
<b>1. Health</b>	...continued
a. Subj. well-being	f. Motivation
b. No. of doctor visits	g. College attendance
c. No. of chronic conditions	h. Private education
d. Nutrition	<b>4. Social</b>
e. Access to services	a. Volunteering / care
f. Mental health	b. Social trust
g. Mortality	c. Institutional trust
h. Hospitalisation rates	d. Social contact
i. Babies/children	e. Marital dissolution rate
j. Workdays lost	f. Fertility
k. Medical spending	g. Marital relations
l. Exercise	h. Use of social services
<b>2. Labour market</b>	i. Self-reported crime rate
a. Employment rate	<b>5. Attitudinal</b>
b. Hours worked	a. Work ethic
c. Wages	b. Political participation
d. Entrepreneurship	c. Support for basic income
e. Confidence	<b>6. Consumption</b>
f. Full-time contract	a. Rent
g. Permanent contract	b. Borrowing
h. Unemployment duration	c. House buying
i. Migration	d. Subj. financial security
j. Working conditions	e. Carbon footprint
k. Farm work profit	f. Saving
l. Work-life balance	<b>7. Policy outcomes</b>
m. Income	a. General
n. Days worked	b. Social security
<b>3. Education</b>	c. Policy evaluation
a. School attendance	<b>8. Political outcomes</b>
b. Grades	a. Wider public
c. Graduation	b. Political actors
d. Training	c. Electoral
e. School performance	d. Coalition building

## **Statistically significant findings**

- Hours worked: (1) decrease in New Jersey (not for black households); (2) decrease in Rural Income Maintenance Experiment (not for husbands); (3) decrease in Seattle/Denver Income Maintenance Experiment; (4) decrease in Gary
- Wages: (1) decrease in New Jersey (not for black households); (2) decrease in Rural Income Maintenance Experiment (not for husbands); (3) decrease in Seattle/Denver Income Maintenance Experiment; (4) decrease in Gary
- Employment rate: (1) decrease in Rural Income Maintenance Experiment (not for husbands)
- Job confidence: (1) increase in Finland; (2) decrease in Nijmegen
- Nutrition: (1) improvement in Rural Income Maintenance Experiment
- Subjective well-being: (1) increase for generous schemes, decrease for less generous schemes in Rural Income Maintenance Experiment; (2) increase in Finland; (3) increase in SEED
- Health of babies and young children: (1) increase for high-risk groups, decrease in low-risk groups (relative to control group) in Gary
- Volunteering & informal care: (1) decrease in Groningen
- Social trust: (1) increase in Oss; (2) increase in Tilburg
- Support for basic income: (1) increase in Finland

## C. Possible saturation sites in Ireland

Town	Population	Town	Population
Athenry, Galway	4,445	Kanturk, Cork	2,350
Cashel, Tipperary	4,422	Prosperous, Kildare	2,333
Birr, Offaly	4,370	Ballyshannon, Donegal	2,299
Rathcoole, South Dublin	4,351	Killorglin, Kerry	2,199
Monasterevin, Kildare	4,246	Clogherhead, Louth	2,145
Kilcoole, Wicklow	4,239	Baltinglass, Wicklow	2,137
Duleek, Meath	4,219	Castleconnell, Limerick	2,107
Carrick-on-Shannon, Leitrim and Roscommon	4,062	Meathas Truim (Edgeworthstown), Longford	2,072
Dunshaughlin, Meath	4,035	An Daingean, Kerry	2,050
Rathluirc (Charleville), Cork and Limerick	3,919	Abbeyfeale, Limerick	2,023
Macroom, Cork	3,765	Balrothery, Fingal	2,017
Mitchelstown, Cork	3,740	Bearna, Galway	1,998
Kilcullen, Kildare	3,710	Newport, North Tipperary	1,995
Claremorris, Mayo	3,687	Castlerea, Roscommon	1,992
Castleblayney, Monaghan	3,607	Tubbercurry, Sligo	1,986
Cahir, South Tipperary	3,593	Bunclody-Carrickduff, Carlow and Wexford	1,984
Courtown Harbour-Riverchapel-Ardamine, Wexford	3,591	Bundoran, Donegal	1,963
Tower, Cork	3,421	Templemore, North Tipperary	1,939
Rathnew, Wicklow	3,370	Enniskerry, Wicklow	1,889
Stamullen, Meath	3,361	Ballymahon, Longford	1,877
Kill, Kildare	3,348	Cootehill, Cavan	1,853
Clara, Offaly	3,336	Castlebridge-Blackwater, Wexford	1,840
Enfield, Meath	3,239	Dunleer, Louth	1,822
Saggart, South Dublin	3,133	Ballivor, Meath	1,809
Newcastle, South Dublin	3,093	Ballaghaderreen, Roscommon	1,808
Gort, Galway	2,994	Dunmore East, Waterford	1,808
Annacotty, Limerick	2,930	Cloyne, Cork	1,803
Muinebeag (Bagenalstown), Carlow	2,837	Newmarket-on-Fergus, Clare	1,784
Newtownmountkennedy, Wicklow	2,835	Mountrath, Laois	1,774
Ballinrobe, Mayo	2,786	Abbeyleix, Laois	1,770
Skibbereen, Cork	2,778	Rathcormac, Cork	1,762
Moate, Westmeath	2,763	Banagher, Offaly	1,760
Kinnegad, Westmeath	2,745	Strandhill, Sligo	1,753
Bantry, Cork	2,722	Portlaw, Waterford	1,742
Kilrush, Clare	2,719	Maigh Cuilinn, Galway	1,704
Bailieborough, Cavan	2,683	Clones, Monaghan	1,680
Ballyjamesduff, Cavan	2,661	Kilmallock, Limerick	1,668
Virginia, Cavan	2,648	Rathdrum, Wicklow	1,663
Ballina, North Tipperary	2,632	Dunmanway, Cork	1,655
Sixmilebridge, Clare	2,625	Lifford, Donegal	1,626
Donegal, Donegal	2,618	Rosslare, Wexford	1,620
Rathangan, Kildare	2,611	Collooney, Sligo	1,610
Crosshaven-Churchbay, Cork	2,577	Derrinturn, Kildare	1,602
Boyle, Roscommon	2,568	Castlemartyr, Cork	1,600
Blarney, Cork	2,539	Clifden, Galway	1,597
Kingscourt, Cavan	2,499	Longwood, Meath	1,581
Castleisland, Kerry	2,486	Termonfeekin, Louth	1,579
Callan, Kilkenny	2,475	Millstreet, Cork	1,555
Carndonagh, Donegal	2,471	Ballymote, Sligo	1,549
Athboy, Meath	2,445	Tullyallen, Louth	1,547
Thomastown, Kilkenny	2,445	Fethard, South Tipperary	1,545
Kenmare, Kerry	2,376	Convoy, Donegal	1,526
Ballyhaunis, Mayo	2,366	Castlecomer-Donaguile, Kilkenny	1,502

## D. Three examples of how the tax system might be adjusted in a pilot

We propose that consideration be given to three examples of adjusting the tax system in the pilot and one be chosen for the trial. We are proposing these examples as they may allow for the design of a pilot where no household participating in the pilot would have a reduction in their net income due to participation in the pilot, while also allowing for much of the cost of the UBI be recouped through tax changes.

**a) UBI taxed, tax credits abolished and no other changes (keeping 20% rate)**

- i) UBI payments should be taxed.
- ii) The 20% income tax rate should be maintained.
- iii) All existing tax allowances and credits should be abolished, with no new credit replacing them.

**b) UBI untaxed, 20% rate abolished, keeping current tax credits, PRSI & USC**

- i) UBI payments should be untaxed.
- ii) The 20% income tax rate should be replaced with a 40% rate.
- iii) All existing tax allowances and credits should be maintained.

**c) UBI taxed, 20% rate abolished, old tax credits replaced with UBI credit, keeping PRSI & USC**

- i) UBI payments should be taxed.
- ii) The 20% income tax rate should be replaced with a 40% rate.
- iii) All existing tax allowances and credits should be abolished, and a tax credit created equal to the amount of the UBI payment.