

The Impacts of the St. Louis Guaranteed Basic Income Program on Credit Health

02 Evaluation Brief
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Guaranteed Basic Income (GBI) programs provide unrestricted, regular cash transfers that people can use in whatever way best meets their individual economic

circumstances. These programs may help low-income families manage rising costs of childcare, food, and other household essentials, and can help them get ahead on their debts and improve their credit health. While GBI programs around the country have led to reductions in food insecurity,¹ improvements in economic outcomes,² better mental and physical health,³ and higher sleep quality,⁴ relatively little is known about the impacts of these programs on credit health.

This brief draws on administrative credit records data to examine the impacts of the St. Louis GBI program on participants' credit scores, payment delinquencies, and credit utilization. This is the second in a series of three briefs. Briefs 1 and 3 focus on economic security and quality of life, respectively.

Key Highlights

- 01** The average St. Louis GBI participant had a sub-prime credit score at the start of the program.
- 02** Compared with a group of St. Louis residents who did not receive the GBI, those who received the payments improved their credit scores by roughly 12 points over the course of the program.
- 03** Receipt of the GBI was also associated with improvements in participants' ability to pay their debts on time, and this was likely the largest contributor to the improvement in credit scores.
- 04** We did not see substantial impacts in the amount of debt held by participants.
- 05** The pause in GBI payments caused by a lawsuit against the City corresponded with a temporary decline in credit health.

Why do credit scores matter? Credit scores measure how likely a person is to repay loans in full and on-time. A good credit score often determines whether you can get a mortgage, auto loan, or credit card, and is also the primary driver of how affordable those loans end up being. But credit impacts more than access to debt. Some employers check credit history before offering a job, and some landlords run credit checks before renting. Credit health can affect nearly every aspect of a person's financial life.

Study Design and Data

Our credit data came from an anonymized dataset provided by one of the three major credit reporting bureaus, which allowed us to track participants' credit health on a monthly basis. Our study sample included 193 St. Louis GBI program participants, as well as a comparison group of randomly-selected St. Louis residents in the same ZIP codes. We employed a statistical technique known as fixed-effects regression to ensure that we were comparing GBI participants to comparison group members in the same ZIP codes. While the St. Louis GBI program started in December 2023, we tracked outcomes for both GBI participants and the comparison group from January 2022 through June 2025, the most recent month for which credit data was available. This timeframe allowed us to examine the similarity between the GBI participants and the comparison group prior to the GBI program, while also allowing us to examine how credit outcomes diverged between the two groups after the program began. In addition, we examined the extent to which the temporary pause in GBI payments as a result of a lawsuit affected participants' credit outcomes. See the Program Overview for more information about the lawsuit-driven pause.

Tables 1 and 2 highlight key credit indicators for GBI participants prior to the start of the program. The major takeaway is that payment recipients had a credit score of 578, which is considered to be “subprime.” This means that the average participant likely struggled to access affordable credit prior to the program. Participants also held relatively high levels of debt, and debt payment delinquencies were common.

Program Design

The St. Louis GBI program offered \$500 a month for 18 months to 540 selected applicants. This program was run by the Treasurer's Office and was launched in late 2023.

Eligibility: Participants had to be City residents, impacted by COVID, a parent of a child in a St. Louis school—including public and charter schools—and earn less than 170 percent of the Federal Poverty Line (for reference, this was \$51,000 for a family of four in 2023).

GBI participants had subprime credit scores and held a relatively high level of debt.

Table 1. Baseline Credit Profile for GBI Participants

Outcome	Count	Mean	Std Dev	Median
Credit Score				
VantageScore 4.0	179	578.4	79.5	564
Delinquencies (%)				
Any 30+ Day Delinquencies	179	30%	0.5	N/A
Any 60+ Day Delinquencies	179	24%	0.4	N/A
Delinquencies (Count)				
Number of 30+ Day Delinquencies	134	0.8	1.5	0.0
Number of 60+ Day Delinquencies	124	0.6	1.2	0.0
Credit Utilization				
Revolving Credit Utilization (No HELOC)	91	59%	0.4	60%

Data source: Administrative Credit Records Data

Table 2. GBI Participants' Loan Types and Balances at Baseline

Loan Types and Balances	Count	% of Participants	Mean Total Balance ⁱ	Median Total Balance ⁱ
Mortgage	179	3%	\$128,059.5	\$122,365.5
Auto Loan	179	37%	\$18,574.9	\$16,391.0
Student Loan	179	36%	\$27,124.0	\$17,427.0
Personal Loan	179	30%	\$875.0	\$190.0
Open Revolving Credit (no HELOC)	179	46%	\$2,750.4	\$827.0

ⁱAmong those with this type of debt.

Data source: Administrative Credit Records Data

Impact

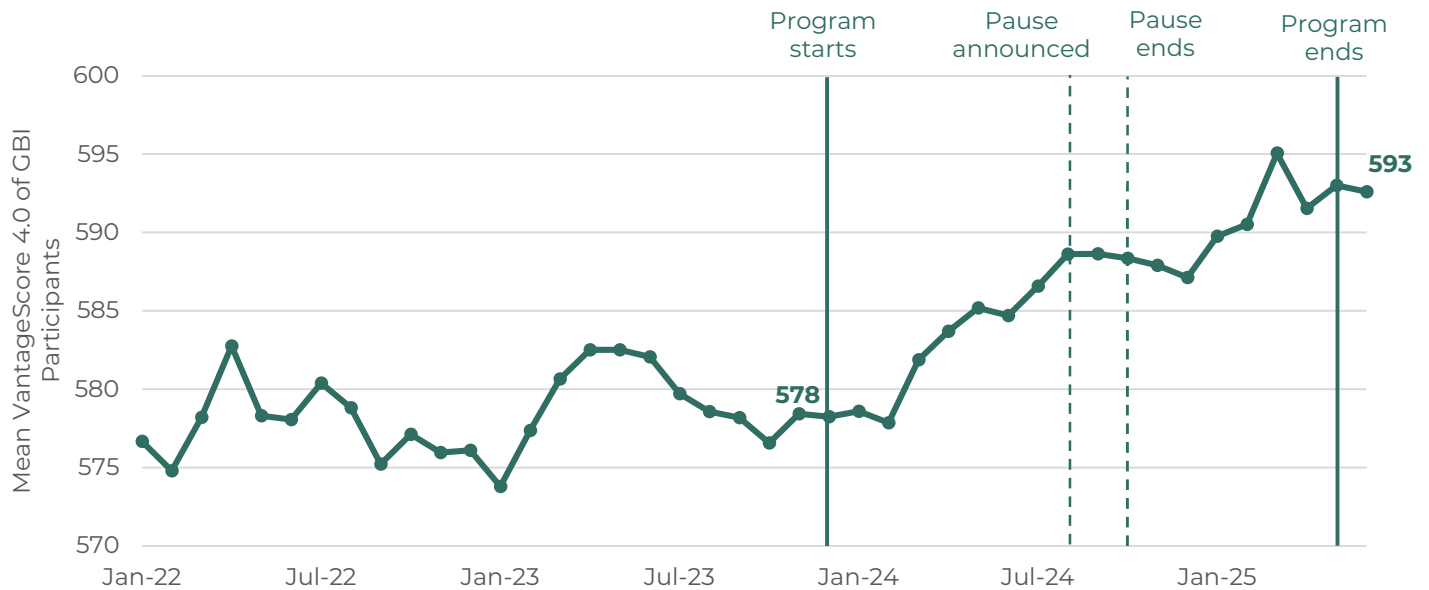
A steady, unconditional income can significantly improve financial health. In the St. Louis Guaranteed Basic Income (GBI) program, **participants’ credit scores rose relative to a comparison group**. Although the program did not target credit behavior, **participants used monthly payments to stay current on bills**— showing that consistent income support helps maintain strong credit and overall financial well-being.

GBI Participants’ Credit Scores Improved Significantly

Figure 1 shows that, prior to the program beginning, participants’ credit scores were relatively stable in the 575-580 range. After the program began, participants’ credit scores rose for the first several months of the payments, then leveled off and declined slightly around the time of the unexpected payment pause before rising again toward the end of the program. **In our final period of data collection (Jun 2025), participants’ average credit score was 593, only a few points shy of entering the “Near Prime” threshold.**

Figure 1. On average, GBI participant credit scores rose 15 points by the end of the program.

Average credit score of GBI recipients, January 2022 – June 2025



N(participant)=193.
Data source: Administrative Credit Records Data

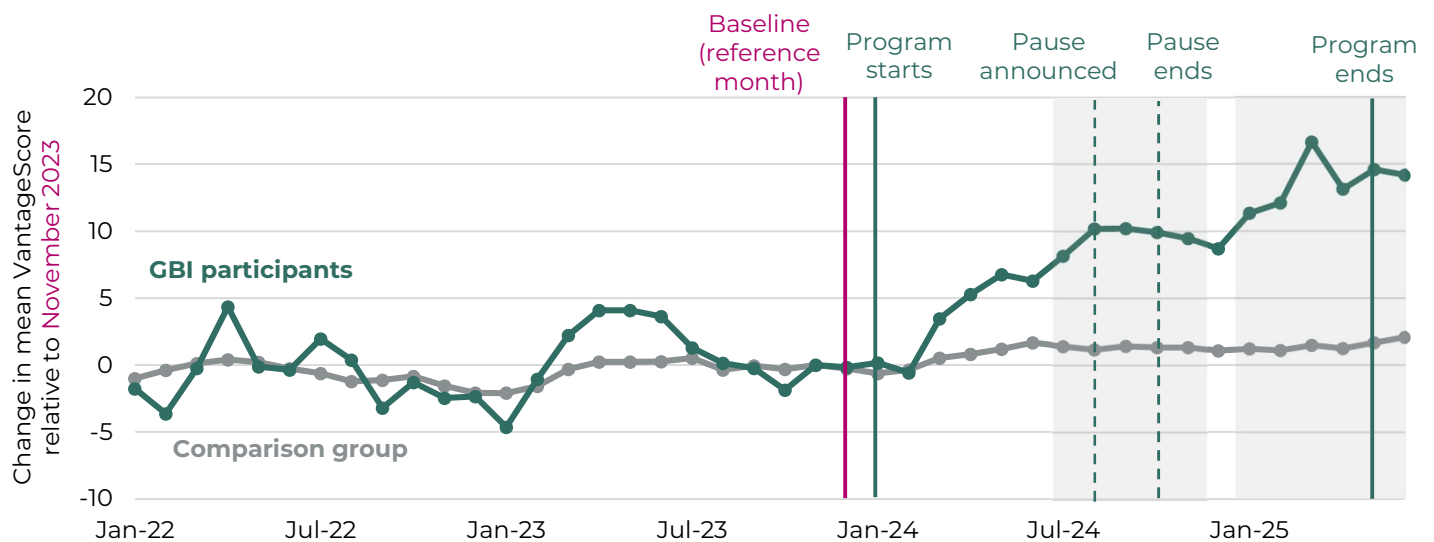
GBI Participants' Credit Scores Rose Significantly Compared with the Comparison Group, Even After a Temporary Payment Pause

In Figure 2, we see that, prior to the program, the two groups' scores had similar trajectories—any differences between the groups were close to zero and statistically insignificant. **However, after the GBI program started, credit scores for GBI participants began to increase and, after about seven months of payments, GBI participants' credit scores were improving significantly relative to the comparison group.** This trend reversed around the time of the lawsuit-driven payment pause, though the credit scores for GBI participants began to improve again after the pause was lifted and a double payment was sent the following month. By the end of the program, GBI participants' credit scores had improved by roughly 12 points relative to the comparison group.

Figure 2. GBI participants' credit scores improved relative to the comparison group during the program.

Estimated impact of GBI on credit scores (VantageScore 4.0) vs. comparison group of residents from the same ZIP codes, January 2022 – June 2025

Light gray blocks indicate months for which this difference was statistically significant ($p < 0.05$).



N(participant) = 193, N(comparison) = 638,774.
Data source: Administrative credit records data

What Explains the Credit Score Improvements?

Credit scores are influenced by several factors, but two stand out as the most impactful in this study:

- ❶ **Payment history, particularly the ability to make on-time payments**
- ❷ **Credit utilization, or the ratio of debt held to available credit**

To better understand the mechanisms driving the observed improvements among GBI participants, the following sections examine how these factors changed over the course of the program. This analysis helps identify whether the gains were primarily due to improved payment behavior, reduced debt levels, or both.

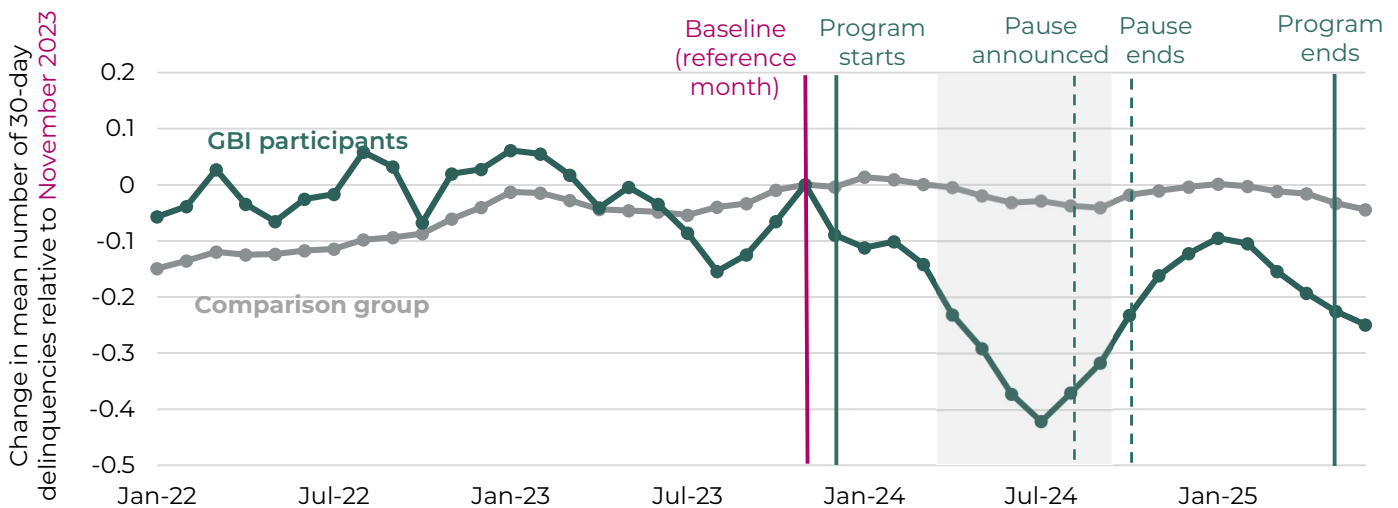
Primary Driver: Fewer Missed Debt Payments

Payment delinquencies—or falling more than 30 days behind on a debt payment—are the single largest factor in determining your credit score. The impact these delinquencies have on credit scores increases as the length of the delinquency increases. Figure 3 illustrates the impact of the GBI program on the number of relatively minor (30-day) payment delinquencies. As with the credit score outcome, the GBI participants and the comparison group had very similar trends in 30-day delinquencies prior to the program. **However, immediately after the program began, there was a steep reduction in the number of 30-day delinquencies experienced by the GBI participants relative to the comparison.** This downward trend continued until around the time of the payment pause, at which point delinquencies began to rise and continued rising for several months. Toward the end of the program, delinquencies for GBI participants began declining again.

Figure 3. GBI participants experienced improvements in minor (30-day) payment delinquencies relative to the comparison group, though this reversed during the payment pause.

Estimated impact of GBI on 30-day delinquencies vs. comparison group of residents from the same ZIP codes, January 2022 – June 2025

Light gray blocks indicate months for which this difference was statistically significant ($p < 0.05$).



N(participant) = 193, N(comparison) = 638,774.
Data source: Administrative Credit Records Data

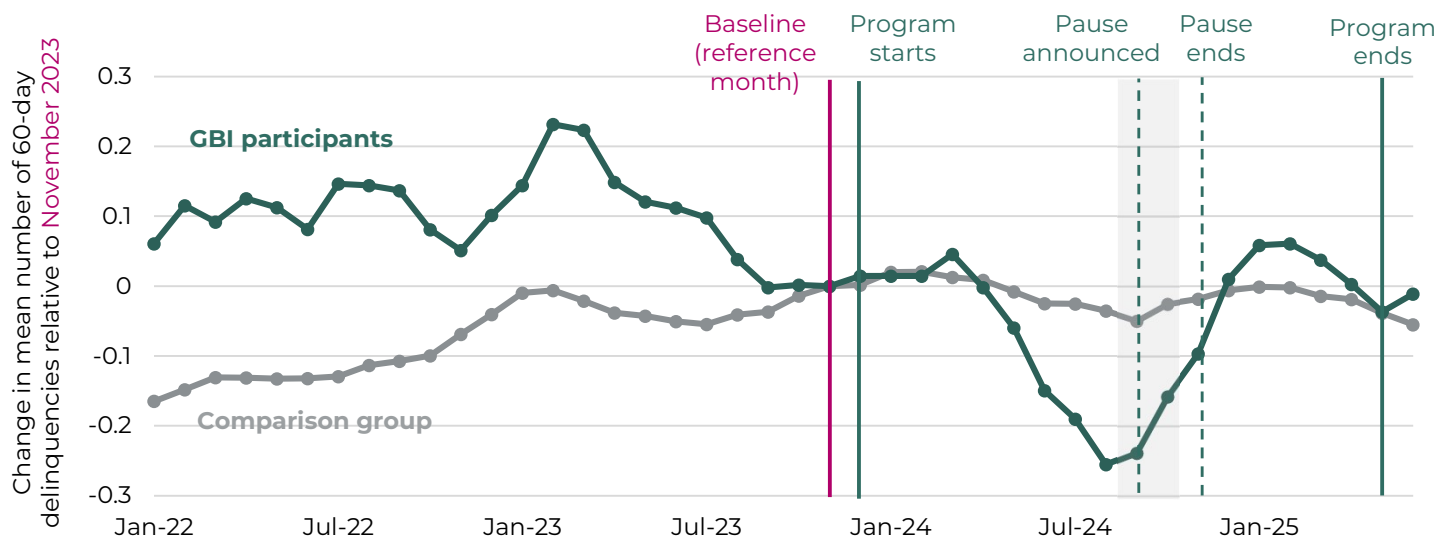
GBI Also Helped Prevent More Serious Late Payments

We repeated this analysis for relatively severe 60-day delinquencies, and Figure 4 shows a similar pattern to that of the 30-day delinquency analysis. The severe delinquency pattern was fairly stable between GBI participants and the comparison group prior to the start of the GBI program. After the payments started, these delinquencies began declining a few months into the payment period, then rose again during the payment pause and leveled off toward the end of the program.

Figure 4. GBI participants experienced improvements in severe (60-day) payment delinquencies relative to the comparison group, though this reversed during the payment pause.

Estimated impact of GBI on 60-day delinquencies vs. comparison group of residents from the same ZIP codes, January 2022 – June 2025.

Light gray blocks indicate months for which this difference was statistically significant ($p < 0.05$).



N(participant) = 193, N(comparison) = 638,774.
Data source: Administrative Credit Records Data

Credit Utilization is a Major Factor in Credit Scores

The other major contributor to a credit score is the amount of debt you hold and, importantly, how your debt amount compares to the amount of credit you have. For example, if you held \$2,000 in debt on a credit card that only allowed you to borrow up to \$2,000, your debt-to-credit ratio, also known as your credit utilization, would be 100%. This high utilization would hurt your credit score. By contrast, if you held \$2,000 in debt on a credit card that allowed you to borrow up to \$10,000, your utilization would only be 20% and this would likely have a minimal impact on your credit score.

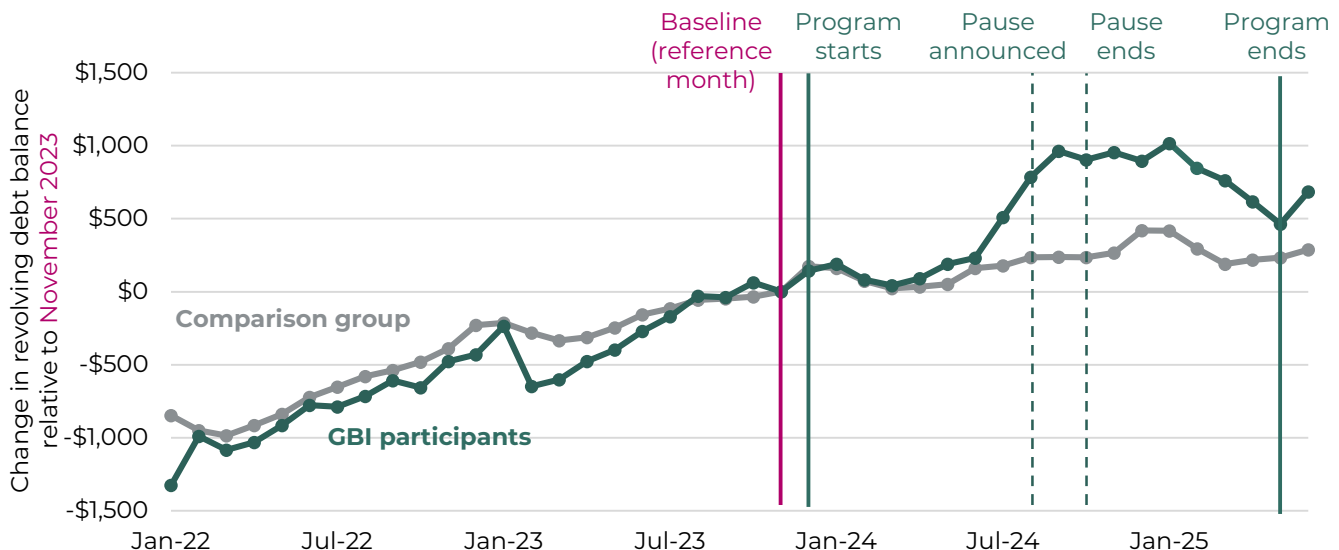
In this section, we examine trends in debt amounts and credit utilization for GBI participants over the course of the program. We focus on revolving debt—which is most commonly credit card debt—which is likely more sensitive to changes with income than student debt, auto debt, or mortgage debt. For these debts, payments are a fixed amount every month and people do not tend to take on new student, auto, or mortgage debt in response to income fluctuations in the same way they might with credit card debt. As such, they are less likely to be impacted by the GBI.

No Significant Change in Debt Amounts

We examined the revolving debt balance for GBI participants relative to the comparison group. In Figure 5, we see that prior to the program, there were minimal differences between the two groups, and there were no significant differences between the groups after the payments began. It does appear that revolving debt did temporarily increase by a statistically insignificant amount for GBI participants after the start of the payments though.

Figure 5. Revolving debt balance for GBI participants followed similar trends as the comparison group, though it temporarily increased around the time of the payment pause.

Estimated impact on revolving debt amount vs. comparison group of residents from the same ZIP codes, January 2022 – June 2025.



N(participant) = 193, N(comparison) = 638,774.
Data source: Administrative credit records data

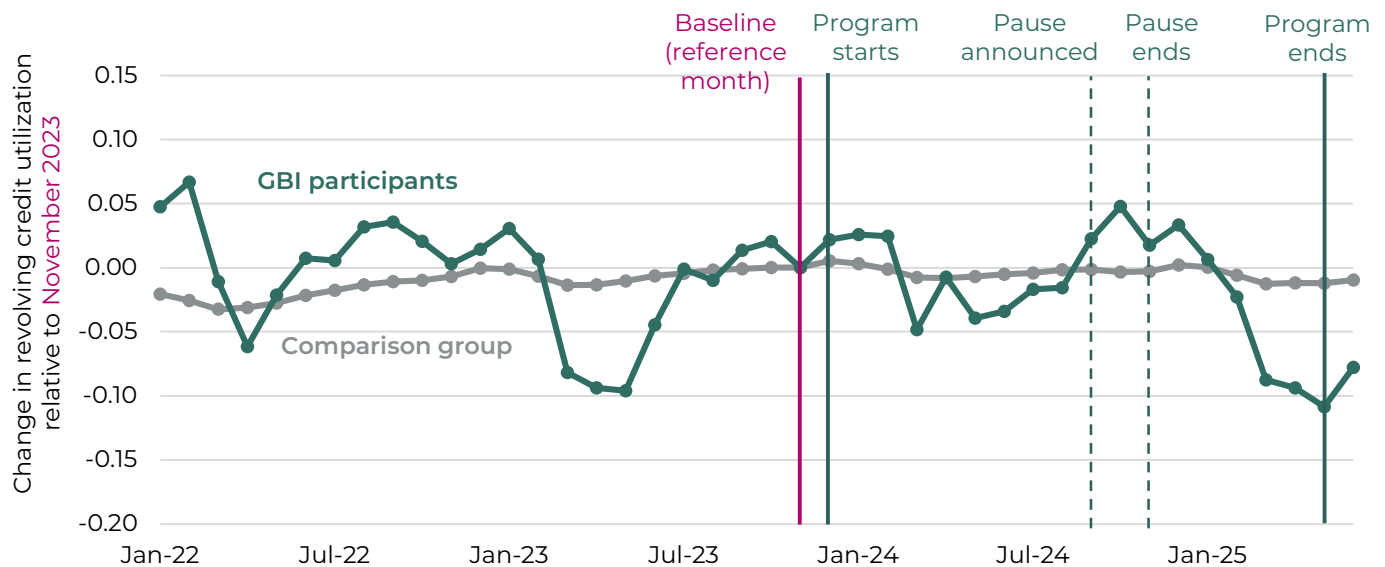
No Significant Change in Credit Utilization, Either.

Conclusion: This Suggests that GBI Helped Participants Stay Current on Bills, Rather Than Reduce their Overall Debt.

Analysis of credit utilization on revolving tradelines (e.g., credit cards) found results similar to those for revolving debt balances: **there is no significant relationship between GBI payment receipt and revolving credit utilization**, though we do see credit utilization rising for the GBI participants around the time of the payment pause before returning to its baseline level a few months later.

Figure 6. GBI participants saw fluctuations in credit utilization, but these changes were not significantly different than those of the comparison group.

Estimated impact of GBI on revolving credit utilization (last 6 months, no HELOC) vs. comparison group of residents from the same ZIP codes, January 2022 – June 2025.



N(participant) = 193, N(comparison) = 638,774.
Data source: Administrative credit records

Looking Ahead: Implications for Future Financial Support Programs in St. Louis or Elsewhere



Ensure payments are administered consistently and predictably.

One of the more striking findings in this study is that GBI participants' credit health appeared sensitive to the brief but unexpected lawsuit-driven pause in the payments. This is somewhat unsurprising since, to qualify for the program, participants needed to have low incomes and school-age children in the household. This means their household budgets were likely extremely tight prior to receiving the payments, and even temporary payment pauses may create substantial financial strains. However, given that many cash transfer and social support programs serve households with tight budgets and precarious finances, our findings speak to the importance of designing programs with reliable, consistent payment models.



Consider pairing GBI programs with other financial capability programs to maximize credit impacts.

There are an array of other intervention models that have been shown to improve credit scores and payment delinquencies. These include financial education and financial coaching programs, as well as more behaviorally-oriented interventions such as providing text message reminders to encourage on-time debt repayments.⁷ While a core feature of GBI payments is that they are unrestricted and do not require participants to receive education, coaching, or other interventions to receive the payments, these interventions could be offered in conjunction with a GBI program on a voluntary basis, potentially multiplying the effect of both cash transfer programs and financial education and coaching programs. In addition, providing reminders or other behavioral supports to help GBI participants meet their financial obligations and goals could help encourage leveraging the funds in ways that best meet their financial needs.



Limit restrictions on other non-GBI cash support programs.

We find that households receiving unrestricted cash payments generally use those payments to improve their short- and long-term financial circumstances. Other cash support programs that impose substantial restrictions on the usage of those funds, or that require recipients to engage in specific behaviors to maintain their compliance with program eligibility rules, may be limiting their own efficacy by barring people from using the funds in the ways that could best meet their individual economic needs. In addition, many of these programs have strict income and eligibility requirements that discourage beneficiaries from earning or saving more money, creating poverty traps for many people as they choose between earning more money and maintaining their eligibility for lifesaving benefits like Medicaid. Policymakers interested in improving the efficacy of the public benefits system should examine ways of reducing administrative burdens or program complexity to allow recipients more flexibility in accessing and using public benefits, while also reforming program eligibility criteria to encourage work and savings.



Conclusion

Credit health is one of the strongest indicators of a person’s overall financial health. Encouragingly, participants in the St. Louis GBI program saw meaningful improvement in their credit scores over the study period relative to a comparison group of St. Louis residents. Even though payments were temporarily paused due to a lawsuit, the overall gains remained strong.

When we looked more closely at payment behavior and the amount of debt held, we found that GBI payments were linked to a significant drop in missed payments—an important factor in determining a person’s credit score—and also found no significant relationship between payment receipt and revolving debt amounts or credit utilization. This suggests that GBI helped participants stay current on bills, rather than reduce their overall debt.

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