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State of Maine
129th Legislature, Second Regular Session

Committee To Study the Feasibility of Creating Basic Income Security

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Office of Policy and Legal Analysis



**STATE OF MAINE
129th LEGISLATURE
SECOND REGULAR SESSION**

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Table of Contents

Executive Summary 1

I. Introduction..... 3

II. Study Committee Process..... 3

III. Background 6

IV. Findings..... 9

V. Recommendations..... 11

Appendices

- A. Authorizing Legislation
- B. Membership List

Executive Summary

The 129th Maine Legislature established the Committee To Study the Feasibility of Creating Basic Income Security (referred to in this report as the “study committee”) with the passage of Resolve 2019, chapter 82. Pursuant to the resolve, 11 members were appointed to the study committee: three members of the Senate appointed by the President of the Senate; three members of the House of Representatives appointed by the Speaker of the House; two members of the public who represent low-income workers and recipients of public benefits, appointed by the President of the Senate; two members of the public appointed by the Speaker of the House, including: a member of the public who represents business and industry and a member who represents higher education; and one member who represents a trade union, appointed by the Governor.

The resolve sets forth the following duties for the study committee:

- Examine and make recommendations on the feasibility of providing basic economic security through a direct cash payment system and other programs that are designed to help individuals and families become more economically secure, including, but not limited to:
 - Tax rebates and credits, including strengthening the earned income tax credit and a negative income tax;
 - Universal basic income and unconditional cash transfers to residents of the State;
 - Other direct cash benefit programs; and
- Investigate the effectiveness of existing safety net programs, such as tax credit, child care and food supplement programs, and compare those programs to any recommended direct cash payment programs.

Over the course of four meetings, the study committee received presentations from the following individuals:

- Senator Eloise Vitelli, the sponsor of LD 1324, Resolve, To Establish the Committee To Study the Feasibility of Creating Basic Income Security, on why she introduced the bill;
- Ron Hikel, a political scientist and management consultant on the “Manitoba Basic Income Experiment;”
- Aisha Nyandoro, Executive Director of Springboard to Opportunities, Carol Wishcamper and two participants in the Magnolia’s Mother’s Trust program about that program;
- Professor Michael Howard of the University of Maine (and study committee member) on Alaska’s Permanent Fund Dividend Program;
- Ann Danforth from Maine Equal Justice on existing public assistance/safety net programs; and
- Karin Anderson from Goodwill Northern New England (and study committee member) on Goodwill’s stability calculator.

The study committee also received public testimony at several meetings both in person and in writing. With this information and through work session discussions, the study committee

developed three findings and four recommendations. The study committee (of those members present) unanimously agreed on the following three findings:

1. There is a clear correlation between a guaranteed basic income program and a reduction in poverty. In all of the case studies, there was a positive impact of lifting people out of poverty and creating more financial stability;
2. The lack of integration and coordination of our safety net programs is a deterrent to those most in need; and
3. Providing an orientation for non-legislative members on a legislative study committee, commission or task force ensures the public is truly represented and a full partner in the study process.

The study committee (of those members present) unanimously developed the following recommendations to further explore the feasibility of creating a basic income program and to address issues with current safety net programs:

1. Reestablish the Committee To Study the Feasibility of Creating Basic Income Security;
2. Provide the reestablished study committee with the authority to contract with an outside consultant to conduct a study of the economic feasibility of providing basic income to Maine residents through a direct cash payment and to raise the necessary funds to contract for that economic feasibility study;
3. Create a permanent group through legislation, that includes members from agencies and municipalities that administer safety net programs, impacted individuals that access safety net programs and other stakeholders to: examine current programs to increase the coordination of these programs; streamline the process for applying for benefits; make eligibility requirements clear and easy to understand; and, if possible, create a one-stop resource that highlights what benefits may be available and how to access them; and
4. Develop an orientation or training program for public members appointed to serve on legislative studies in the interest of advancing inclusiveness and equitable representation.

The study committee believes that basic income has the potential to be a beneficial program that could augment the current safety net programs and help lift people out of poverty. However, due to the COVID-19 pandemic, the study committee was unable to get the legislation needed to hire a consultant to conduct a feasibility study and it delayed the reconvening of the study committee this interim. As a result, the study committee was unable to fully evaluate the feasibility of creating basic income security through a direct cash payment system. In making its recommendations, the study committee hopes to convey that it is of paramount importance to continue the work of this study committee through a reestablished committee that has the necessary authority to hire a consultant to conduct a feasibility study in order to gather the information needed to develop a basic income program for the State of Maine.

I. INTRODUCTION

The Committee To Study the Feasibility of Creating Basic Income Security (the “study committee”) was established by Resolve 2019, chapter 82 (Appendix A). Pursuant to the resolve, 11 members were appointed to the study committee: three legislators from the Maine Senate, three legislators from the Maine House of Representatives, two members of the public who represent low-income workers and recipients of public benefits, one member of the public who represents business and industry, one member who represents higher education, and one member who represents a trade union. A list of study committee members can be found in Appendix B.

The duties of the study committee are set forth in Resolve 2019, chapter 82. The study committee is charged with examining and making recommendations on the feasibility of providing basic income security through a direct cash payment system and other programs that are designed to help individuals and families become more economically secure, including, but not limited to:

1. Tax rebates and credits, including strengthening the earned income tax credit and a negative income tax;
2. Universal basic income and unconditional cash transfers to residents of the State; and
3. Other direct cash benefit programs.

The study committee is directed to investigate the effectiveness of existing safety net programs, such as tax credit, child care and food supplement programs, and compare those programs to any recommended direct cash payment programs.

The study committee is also directed to submit a report with findings and recommendations for presentation to the First Regular Session of the 130th Legislature. The report due date is November 2020.

II. STUDY COMMITTEE PROCESS

The study committee held meetings in 2019 on November 22 and in 2020 on October 15, October 29 and November 5. Study committee meeting materials, including, but not limited to, agendas, testimony, presentations and other resource materials may be found on the study committee webpage at the following link:

<http://legislature.maine.gov/basic-income-security-study>.

At the first meeting on November 22, 2019, study committee staff provided an overview of the authorizing legislation and a summary of testimony relating to LD 1324, Resolve, To Establish the Committee To Study the Feasibility of Creating Basic Income Security, which led to the study committee’s authorizing legislation, Resolve 2019, chapter 82. Testimony relating to LD 1324 can be found on the study committee webpage at the following link:

http://www.mainelegislature.org/legis/bills/display_ps.asp?id=1324&PID=1456&snum=129.

The meeting also included:

- A presentation by the sponsor of LD 1324, Senator Eloise Vitelli, on why she introduced the bill;
- A presentation by Ron Hikel, political scientist and management consultant, on the “Manitoba Basic Income Experiment” also known as the “Mincome.” Mincome was a federal-provincial controlled social science experiment with guaranteed annual income for low-income recipients in Manitoba, Canada; and
- A public comment period.

At the November 2019 meeting, study committee members agreed and voted (unanimously of those present) that they would like to contract with an outside entity for a larger feasibility study. The feasibility study was outside the scope of the authorizing legislation (Resolve 2019, chapter 82); therefore, new legislation would be necessary to give the study committee authority to commission an outside entity to conduct such a study. Legislators on the study committee understood that an after-deadline bill or joint order would be necessary to accomplish this goal. Consequently, the chairs of the study committee sent a letter to the Legislative Council memorializing the vote taken at the November 22nd meeting.

Typically, pursuant to the Joint Rules of the Maine Legislature, study committees are not authorized to meet during a regular or special session since legislators and staff are occupied with session-related legislative business. Therefore, the work of the study committee did not resume until after the end of the Second Regular Session.

On March 11, 2020, Senate Chair of the study committee, Senator Shenna Bellows, sent a letter to the Joint Standing Committee on Labor and Housing (LBHS Committee) requesting that the committee report out a bill. The next day, March 12, a majority of the LBHS Committee voted that if a joint order, sponsored by Senator Bellows, were passed by both the House and the Senate, the LBHS Committee would report out directly to the floor a bill to amend Resolve 2019, chapter 82 to hire an outside consultant to conduct a feasibility study or to provide the study committee with additional staffing needs.

On March 17, both the House and Senate passed S.P. 787 “Joint Order, Authorizing the Joint Standing Committee on Labor and Housing To Report Out a Bill to Amend Resolve 2019, Chapter 82” sponsored by Senator Shenna Bellows. However, later that same day, the Maine Legislature adjourned and indefinitely suspended the legislative session in response to COVID-19. Over the next several months, it was uncertain whether the Maine Legislature would reconvene.

Article IV, Part Third of the Constitution of Maine provides that the “Legislature may convene at such other times on the call of the President of the Senate and the Speaker of the House, with the consent of a majority of the Members of the Legislature of each political party, all Members of the Legislature having been first polled.” Two attempts to bring the Legislature back into a special session failed. As it became more evident that the Legislature would not be reconvening

and the window of opportunity for an outside feasibility study became narrower, the chairs of the study committee decided it was time to resume work.

In 2020, the first meeting of the study committee was primarily another opportunity for members of the public to provide comment. The committee heard from the following:

1. Ann Danforth, Maine Equal Justice;
2. Craig Lapine, Department of Agriculture, Conservation and Forestry;
3. Dee Clarke, resident of Portland, Maine;
4. Elizabeth Capone-Henriquez, resident of Portland, Maine; and
5. Larry Dansinger, resident of Bangor.

In addition, the study committee received written testimony from:

6. Carol Wishcamper, resident of Freeport;
7. Ginny Schneider, resident of South Portland; and
8. Evelyn Forget, leading researcher of minimum income experiments in Canada.

As mentioned earlier in this report, study committee meeting materials, including testimony, may be found on the study committee webpage at the following link:

<http://legislature.maine.gov/basic-income-security-study>.

The primary purpose of the second study committee meeting on October 29, 2020 was to conduct a work session to discuss findings and recommendations and next steps for the study.

First, the study committee received the following presentations:

1. The Magnolia's Mother's Trust (MMT) – Executive Director of Springboard to Opportunities, Aisha Nyandoro; Carol Wishcamper; and two participants in the MMT program;
2. Alaska's Permanent Fund Dividend Program – Michael Howard, University of Maine professor and study committee member;
3. Information about existing public assistance/safety net programs – Ann Danforth, Maine Equal Justice; and
4. Goodwill Northern New England's stability calculator – Karin Anderson, Goodwill Northern New England and study committee member.

The study committee then went into work session and reached consensus on findings and recommendations which can be found later in this report.

III. BACKGROUND

According to the U.S. Census Bureau, approximately 10.9 percent of Maine’s population lived below the poverty line in 2019.¹ In addition, there are substantial racial disparities when it comes to poverty in Maine. The rate of poverty is higher for African Americans, Latinx and Native Americans at 36.2 percent, 20.3 percent and 37.2 percent respectively.²

Subsequently, in 2020, the global outbreak of COVID-19 has created an unprecedented health and economic crisis. The Center on Budget and Policy Priorities (CBPP), a nonpartisan research and policy institute, has been tracking the COVID-19 recession’s effects on food, housing and employment hardships in the United States. According to CBPP, 27 percent of Maine residents are having difficulty covering usual household expenses which is consistent with the national average of one in three.³

The idea of basic income security has been around for a long time. However, in 2017, when entrepreneur Andrew Yang announced his run for the presidential 2020 election, “universal basic income” became a household phrase. Yang’s platform, the “Freedom Dividend Plan,” is a form of universal basic income guaranteeing \$1,000 per month to every U.S. citizen over the age of 18 without having to pass a test or meet a work requirement.

The COVID-19 pandemic has certainly reinvigorated the conversation around basic income security. Amid the pandemic and global recession, both basic income and related policies have gained unprecedented momentum.⁴

In the United States, the Coronavirus Aid, Relief and Economic Security (CARES) Act was passed by Congress and signed into law by the President on March 27, 2020 – providing most Americans with a one-time stimulus payment of up to \$1,200 and, if applicable, an extra \$600 in federal unemployment insurance. As of the writing of this report, Congress had been working on a second stimulus package, but failed to reach agreement.

There are many basic income experiments around the world. The study committee learned about three case studies in the following areas: a guaranteed annual income experiment sponsored by government in Manitoba, Canada; universal basic income in the form of a permanent resource dividend fund in the State of Alaska; and a targeted direct cash benefit funded by private donations for a specific population in Jackson, Mississippi. The case studies have demonstrated that guaranteed income, at different levels and in different contexts, in the form of cash with no strings attached shows great promise.

¹ <https://www.census.gov/quickfacts/fact/table/ME/HSD410218>.

² <https://talkpoverty.org/state-year-report/maine-2018-report/>.

³ <https://www.cbpp.org/research/poverty-and-inequality/tracking-the-covid-19-recessions-effects-on-food-housing-and>.

⁴ <https://www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2020/09/17/momentum-for-basic-income-builds-as-pandemic-drags-on>.

A. Manitoba Basic Income Experiment (“Mincome”)

The Manitoba Basic Income Experiment (“Mincome”) was conducted between 1974 and 1979 under the joint sponsorship of the federal and provincial governments.⁵ The primary purpose of Mincome was to evaluate the impact of guaranteed annual income on the work behavior of recipients.⁶ According to former executive director of Mincome, Ron Hikel, the experiment had three different research components: 1) a sample of low-income recipients and control individuals and families living in the provincial capital of Winnipeg; 2) a sample in several small rural towns, acting as controls for the final component; and 3) a so-called saturation site in the city and rural municipality of Dauphin.

The federal government ended Mincome without any substantive analysis of the impact of guaranteed annual income.⁷ According to Hikel, years later in 2011, Evelyn Forget, an economics professor from the University of Manitoba, published her analysis of a sample of the Mincome data. Her research, titled “A Town with No Poverty” can be found at the following link: <https://utpjournals.press/doi/pdf/10.3138/cpp.37.3.283>.

In summary, her analysis showed a modest decline in work effort, primarily by those who were not principal bread winners; a decline in the demand for medical and mental health care; an increase in high school completion rates; a decrease in crime; and a decrease in domestic violence.⁸

B. Alaska’s Permanent Fund Dividend Program

The Alaska Permanent Fund, which is endowed from the oil wealth owned in common and rented for royalties collected from oil companies,⁹ was created in 1976 as a sovereign wealth fund for the State of Alaska.¹⁰ The purpose of the fund is to provide a universal, unconditional, annual cash payment to all residents of Alaska.¹¹ Since 1982, Alaska’s Permanent Fund Dividend (PFD) program has distributed equal annual payments to residents unconditionally, regardless of need.

Michael Howard, who is a professor of philosophy at the University of Maine and is a member of the study committee, has coedited two books on Alaska’s PFD. Professor Howard provided an overview of Alaska’s PFD at the study committee’s October 29 meeting. According to Howard, at present, the fund’s total assets are worth \$65 billion.¹² Howard’s PowerPoint presentation may be found on the study committee’s webpage at the following link: <http://legislature.maine.gov/doc/4604>.

⁵ <https://mdl.library.utoronto.ca/collections/numeric-data/microdata/manitoba-basic-annual-income-experiment-mincome-1974-1979>.

⁶ Ibid.

⁷ Ibid.

⁸ <http://legislature.maine.gov/doc/3548>.

⁹ <https://scholars.org/contribution/how-alaska-citizens-benefit-equally-shared-wealth>.

¹⁰ https://iseralaska.org/static/legacy_publication_links/2016_12-PFDandPoverty.pdf.

¹¹ <http://legislature.maine.gov/doc/4604>.

¹² Ibid.

Howard spoke to the study committee about Alaska's PFD and its many benefits. Among them, according to a 2016 University of Alaska Anchorage study, the Alaska PFD has lifted 15,000 to 25,000 Alaskans out of poverty annually.¹³ Howard pointed out that spending of the dividend is responsible for approximately 7,000 jobs annually in the State of Alaska. Additionally, research has found that Alaska's PFD has "no significant effect on labor supply, employment level or working hours."¹⁴ Howard noted that Alaska's resource dividend model is a way of sharing common wealth equitably among residents. Resource dividends, like Alaska's PFD, could also be used as a tool for resource conservation and a disincentive to pollution and other environmental or social harms.

C. The Magnolia Mother's Trust

Springboard to Opportunities is a nonprofit in Jackson, Mississippi whose mission is to connect families living in affordable housing with resources and programs that help them to advance themselves in school, work and life.¹⁵ The executive director of Springboard to Opportunities, Aisha Nyandoro, heard from her residents that they lacked cash for the basic items they needed in life to advance themselves in school, work and life. Nyandoro noted the reasons for this lack of cash include: 1) the ineffective structure of the social safety net – meaning the punitive aspect of the safety net, and 2) specifically in Mississippi, the income/wage disparity, where the minimum wage is \$7.25 per hour.

Those involved in the nonprofit acknowledged that safety net programs are important and beneficial; however, providing low-income people with unrestricted cash has many benefits. In 2018, Springboard to Opportunities established a new initiative called the Magnolia's Mother's Trust (MMT), which provides low-income African-American mothers \$1,000 in cash on a monthly basis for 12 months with no strings attached. When it comes to guaranteed income, MMT is the only initiative that specifically targets extremely low-income families headed by an African-American female living in affordable housing.¹⁶ According to Nyandoro, who oversees MMT, most organizations, cities or municipalities testing guaranteed income are hesitant to work with those living in affordable housing because of the fear that those individuals may lose subsidies or vouchers.

Many of the mothers who participate in the MMT initiative work full-time and still do not have the resources to address basic needs. According to Nyandoro, unrestricted cash allows the mothers to not only preserve their dignity, but also gives them the power to make decisions about what they need for themselves and their families.

The study committee heard from two mothers who have participated in the MMT initiative. Both were asked "what is the biggest misconception about receiving an unconditional, monthly cash payment?" Both mothers said the greatest misconception is that the recipients will use the money frivolously or for alcohol or drugs. One mother, who participated in the first cohort, said

¹³ https://iseralaska.org/static/legacy_publication_links/2016_12-PFDandPoverty.pdf.

¹⁴ https://home.uchicago.edu/~j1s/Jones_Alaska.pdf.

¹⁵ <http://springboardto.org/index.php/page/about-us>.

¹⁶ <http://springboardto.org/index.php/page/the-magnolia-mothers-trust>.

the unrestricted cash helped her pay for daycare and transportation so that she could finish a high school equivalency degree. Once she completed this degree, she then enrolled in college. The other mother said she has used the money to invest in her small business, a hair salon.

IV. FINDINGS

A cash benefit has had a very positive impact on poverty reduction in all three of the case studies that the study committee learned about. One committee member noted that cash is a much better way for people struggling with very limited resources to obtain the goods or services that help them the most – whether it’s paying for childcare or car repairs or simply paying off debt. The study committee also heard substantial testimony that basic income upholds the dignity and respect of the beneficiaries in public assistance programs. A simple cash payment cuts down on bureaucracy and offers flexibility for the beneficiary. According to an article titled “Momentum for Basic Income Builds as Pandemic Drags On” by The Pew Charitable Trusts: “Cash transfers, unlike in-kind welfare programs such as housing vouchers or food stamps, give recipients the flexibility to cover whatever needs are most pressing at the time.”¹⁷

Members of the study committee discussed whether guaranteed income should be universal or a means-tested benefit.¹⁸ One study committee member expressed concern that a universal program would distribute resources to recipients who do not necessarily need the benefit and those resources could have been used to give a larger payment/benefit to those who need it most.

One study committee member expressed a concern about funding, particularly with a looming State budget shortfall. However, several study committee members expressed interest in the idea of looking at resource dividends as a way to pay for guaranteed income and it was suggested that the Maine Climate Council¹⁹ should be included in the discussion around resource dividends.

Finding #1: There is a clear correlation between a guaranteed basic income program and a reduction in poverty. In all of the case studies, there was a positive impact of lifting people out of poverty and creating more financial stability.²⁰

The existing safety net system is essential to the health and well-being of the residents of Maine; however, serious challenges and inadequacies remain. Ann Danforth, Economic Security Policy Advocate with Maine Equal Justice, provided the study committee with an overview of safety net programs. A copy of Danforth’s memo to the study committee can be found at the following link: <http://legislature.maine.gov/doc/4602>. Danforth stated in the memo: “As the overview makes clear, the safety net is comprised of dozens of programs, which are often siloed and administered and funded by different State and federal agencies. This makes programs difficult

¹⁷ <https://www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2020/09/17/momentum-for-basic-income-builds-as-pandemic-drags-on>.

¹⁸ A means-tested benefit is one for which your income/resources determine eligibility and/or the benefit amount.

¹⁹ In June 2019, the Maine Climate Council was created by the Governor and the Legislature to develop a plan to address the effects of climate change in Maine.

²⁰ This is the finding of members present during the work session portion of the October 29, 2020 meeting; members present included the following: Senator Shenna Bellows; Representative James Handy; Senator Marianne Moore; Representative Michele Meyer; Samarali Daniels, Professor Michael Howard; Tracie Bellinger; Karin Anderson; and Sass Linneken.

for clients to navigate, as there is not one resource or place for them to go to receive this assistance.” In addition, the study committee heard substantial testimony from people with lived experiences with Maine’s programs about the lack of coordination between public assistance programs.

The study committee discussed at length the “cliff effect,” which generally means an action in one benefit program, or a slight increase in earnings, can inadvertently produce a harmful result, often leaving the recipient (and their family) no better and sometimes worse off.²¹ Danforth’s memo cites a 2018 study of “benefits cliffs” conducted by Michael Levert of Stepwise Data Research. According to the study, “cliffs are generally a symptom of decentralized and opaque system of social assistance programs, each with complex rules and guidelines, often funded with a combination of federal and State sources.”²²

This lack of coordination and accessibility undermines the dignity and respect of beneficiaries in Maine, creates barriers to participation, and exacerbates existing inequalities and disparities. Furthermore, the lack of coordination and the barriers in the safety net system have perpetuated racial inequality and racism in Maine.

Maine is plagued with significant racial disparities when it comes to economic security. Over 94 percent (94.4 percent) of Maine’s population is white, almost two percent (1.7 percent) black or African American, almost two percent Hispanic or Latinx (1.8 percent), and less than one percent (0.7 percent) American Indian and Alaska Native.²³ According to data from the Maine Equal Justice website, approximately 15 percent of white children, 40 percent of children from Maine’s tribal community, and 53 percent of children from Maine’s black or African-American families lived in poverty in 2017. In addition, poverty was notably worse in certain parts of the State – particularly rural areas. For example, in Washington and Somerset Counties, approximately 27 percent and 22 percent of children respectively were living in poverty. Lastly, across the State, female-headed, single-parent households were almost three times more likely to live in poverty than all households with children.²⁴ As one study committee member pointed out these statistics play into who is eligible for safety net programs.

Another committee member commented that she is very concerned about ongoing challenges in Maine and across the country with regard to disparities for people of color and tribal people. COVID-19 has not only highlighted economic inequalities in Maine, but also systemic racism in health care. According to the COVID Racial Data Tracker, which is a collaboration between the COVID Tracking Project and the Boston University Center for Antiracist Research, the pandemic is negatively impacting black, indigenous, Latinx and other people of color the most.²⁵ According to the COVID Racial Data Tracker, black or African Americans make up approximately one percent of the population in Maine, but account for approximately 16 percent of COVID-19 cases.²⁶

²¹ <http://legislature.maine.gov/doc/4602>.

²² <https://www.jtgfoundation.org/wp-content/uploads/2019/06/Cliffs-Policy-Brief.pdf>.

²³ <https://www.census.gov/quickfacts/ME>.

²⁴ <https://maineequaljustice.org/policy/poverty/>.

²⁵ <https://covidtracking.com/race>.

²⁶ <https://covidtracking.com/race/dashboard>.

Finding #2: The study committee finds that the lack of integration and coordination of our safety net programs is a deterrent to those most in need.²⁷

Members of the public serving on the study committee expressed concerns about the study committee process as the process can be somewhat intimidating and confusing. The study committee acknowledged the importance of having members of the public serve on the study committee. Having committee members who represent diverse backgrounds and lived experiences was extremely helpful during study committee discussions. To ensure that the public is truly represented and is a full partner in the work, the study committee believes that members of the public serving on a legislative study committee, commission or task force should be oriented to the study committee process itself before the committee, commission or task force begins its work.

Finding #3: Providing an orientation for non-legislative members on a legislative study committee, commission or task force ensures the public is truly represented and a full partner in the process.²⁸

In light of these findings, the study committee developed four recommendations, which can be found in the next section of this report.

V. RECOMMENDATIONS

Recommendation #1 and #2: Reestablish the Committee To Study the Feasibility of Creating Basic Income Security and provide the reestablished study committee with the authority to contract with an outside consultant to conduct a study of the economic feasibility of providing basic income to Maine residents through a direct cash payment and to raise the necessary funds to contract for that economic feasibility study.

During the November 22, 2019, meeting of the study committee, members discussed hiring an outside consultant to conduct a feasibility study. However, the authorizing legislation for the study, Resolve 2019, chapter 82, did not allow the study committee to contract with an outside entity to conduct such a feasibility study. In order to address this issue, the study committee voted to send a memorandum to the Legislative Council and the Joint Standing Committee on Labor and Housing (LBHS Committee) to express the study committee's interest in having the authorizing legislation amended in order to allow the hiring of a consultant. Senator Bellows, chair of the study committee and the LBHS Committee, sponsored a joint order to authorize the LBHS Committee to report out a bill to amend Resolve 2019, chapter 82 and the LBHS Committee voted that if that joint order is passed, it would report out a bill directly to the floor that would amend Resolve 2019, chapter 82 to allow the study committee to seek outside funding

²⁷ This is the finding of members present during the work session portion of the October 29, 2020 meeting; members present included the following: Senator Shenna Bellows; Representative James Handy; Senator Marianne Moore; Representative Michele Meyer; Samarali Daniels, Professor Michael Howard; Tracie Bellinger; Karin Anderson; and Sass Linneken.

²⁸ Ibid.

to hire an outside consultant to conduct a feasibility study or to provide the study committee with additional staffing needs. The House and Senate passed the joint order, S.P. 787 on March 17, 2020, which was the same date the Legislature adjourned due to COVID-19. This unexpected, shortened session precluded the LBHS Committee from being able to report out a bill.

In addition to the inability of the study committee to conduct a larger feasibility study, the potential for a special session delayed the start of the study committee reconvening this interim. This truncated timeframe for meeting has not allowed the study committee to fully evaluate the feasibility of creating basic income security through a direct cash payment system. For these reasons the members of the study committee present at the work session held on October 29, 2020²⁹ make the following recommendations:

1. Reestablish the Committee To Study the Feasibility of Creating Basic Income Security; and
2. Provide the reestablished study committee with the authority to contract with an outside consultant to conduct a study of the economic feasibility of providing basic income to Maine residents through a direct cash payment and to raise the necessary funds to contract for that economic feasibility study.

The study committee has found throughout the course of its meetings that basic income programs have been beneficial to those receiving direct cash payments. In addition to “Mincome,” the Alaska Permanent Fund and the Magnolia Mother’s Trust initiative, there are other basic income programs or trials happening worldwide that have shown similar benefits. For example, in North Carolina, the Eastern Band of Cherokee Indians Casino Dividend has provided every tribal member with an average of \$4,000 to \$6,000 per year since 1997 from revenue generated from a casino on tribal land.³⁰ These payments have not resulted in reduced work effort, but have decreased addiction and crime and improved education and mental health.³¹ The evidence from these worldwide initiatives “so far suggests that getting a basic income tends to boost happiness, health, school attendance, and trust in social institutions, while reducing crime.”³²

The study committee finds that basic income programs can have vastly beneficial impacts on Maine. While members believe a statewide basic income program can be positive for the State, members recognize the need to investigate further how best to move forward before recommending the creation of a specific statewide basic income program. The study committee believes that it is integral to reestablish the Committee to Study the Feasibility of Creating Basic Income Security for two years and to provide that committee with the authority to contract with an outside consultant to study the economic feasibility of providing basic income to Maine residents through a direct cash payment.

²⁹ Members present during the work session portion of the October 29, 2020 meeting, included the following: Senator Shenna Bellows; Representative James Handy; Senator Marianne Moore; Representative Michele Meyer; Samarali Daniels, Professor Michael Howard; Tracie Bellinger; Karin Anderson; and Sass Linneken.

³⁰ <https://www.vox.com/future-perfect/2020/2/19/21112570/universal-basic-income-ubi-map>.

³¹ Ibid.

³² Ibid.

In reestablishing the Committee to Study the Feasibility of Creating Basic Income Security, the current study committee believes it will be important to re-form the committee with the same membership that is established in section 2 of Resolve 2019, chapter 82 in order to provide some level of continuity in the evaluation of the feasibility of providing basic economic security through a direct cash payment system. Study committee members were also in agreement that the newly formed committee should collaborate with the Permanent Commission on the Status of Racial, Indigenous and Maine Tribal Populations (“the commission”) ³³ in the development of any findings or recommendations.

It is important when drafting the authorizing legislation to reestablish the study committee to define the factors that must be considered in an economic feasibility study and to direct the newly formed committee to collaborate with the commission on the development of parameters, in addition to those specified below, to ensure any program created does not keep current racial disparities in place or further exacerbate existing racial disparities. In addition to any parameter developed in consultation with the commission, the study committee recommends that the analysis include, at a minimum, the following parameters:

- An unconditional direct cash payment basic income program is addition to existing public assistance/safety net programs and not a replacement for those programs;
- Determine the possible funding sources for an unconditional direct cash payment basic income program in Maine;
- Look at resource dividends³⁴ as a tangible funding mechanism for a basic income program and consult with the Maine Climate Council or other appropriate entities as this method of funding could have additional environmental dimensions to consider;
- Explore both universal basic income programs and programs targeted to only low-income Maine resident participants; and
- Determine the level of support each individual should receive in a manner that would not create a “cliff effect” if an individual is receiving public assistance.

There is an abundance of data and existing models to explore in developing a basic income program. Between past basic income trials, existing long-term programs and ongoing experiments in basic income, Maine will not need to recreate the wheel. The future study committee will need to look at what kind of program will best work for Maine residents in a manner that is sustainable. The reestablishment of this study committee with a focus on the completion of an economic feasibility study is the best way to move toward the creation of a basic income program that reduces poverty, is sustainably funded, reduces pressures on other

³³ The Permanent Commission on the Status of Racial, Indigenous and Maine Tribal Population was established by the Legislature in 2019 by Public Law 2019, chapter 457; see Title 5, chapter 631.

³⁴ A resource dividend is a periodic cash payment to all citizens or residents, based on revenue from resources. Resources typically include natural resources such as oil, minerals, or water, but can also include socially created resources. For example, in the case of Alaska's Permanent Fund Dividend, the revenue from royalties the state collects from oil companies is deposited in a sovereign wealth fund, and part of the interest from the fund is paid out as dividends to all who qualify as residents.

social programs, and brings people the ability to make financial decisions that benefit themselves and their families.

Recommendation #3: Create a permanent group through legislation, that includes members from agencies and municipalities that administer safety net programs, impacted individuals that access safety net programs and other stakeholders to examine current programs to: increase the coordination of these programs; streamline the process for applying for benefits; make eligibility requirements clear and easy to understand; and if possible, create a one-stop resource that highlights what benefits may be available and how to access them.

The study committee heard testimony from many individuals that highlighted the shortcomings of safety net programs. For example, members heard about benefit “cliffs” where participation in one program results in the loss of benefits in another program trapping an impacted individual in poverty, and in some cases leaving the person in worse circumstances. Because there is such a lack of coordination among programs, these individuals may not be aware of or understand how all these programs interact. Additionally, the current system does not allow for gaining enough stability before public assistance and other supports are taken away.

Many who provided testimony to the study committee spoke about the way the current system is dehumanizing and makes it more difficult to obtain assistance especially in times of crisis because of the complexity of the system. As illustrated in the “Summary of Public Assistance/Safety Net Programs in Maine” provided by Maine Equal Justice, the fundamental nature of safety net programs is that they “too often prioritize paternalistic ideas about the ‘deserving’ and ‘undeserving’ over the opportunity to address basic human needs to ensure everyone is able to survive and live with dignity.”³⁵

As required by section 5 of Resolve 2019, chapter 82 the study committee started to investigate the effectiveness of existing safety net programs, such as tax credit, child care and food supplement programs and found that it is extremely difficult to navigate public assistance/safety net programs; programs are not well coordinated; the fragmented nature of programs fail to provide an adequate amount of support; thresholds for eligibility are outdated; “the eligibility for and access to the safety net is not racially equitable and exacerbates existing racial and economic disparities in the state,”³⁶ and the current system is often dehumanizing. While these programs are essential to providing necessary assistance to Maine people, there are clearly many inadequacies that need to be addressed. The study committee also found that besides not having the results of a feasibility study, it was difficult to recommend a specific basic income program without fully understanding how these programs interact with each other and where benefit “cliffs” occur.

³⁵ <http://legislature.maine.gov/doc/4602>.

³⁶ Ibid.

For these reasons the members of the study committee present at the work session held on October 29, 2020³⁷ make the following recommendation:

- Create a permanent group through legislation, that includes members from agencies and municipalities that administer safety net programs, impacted individuals that access safety net programs and other stakeholders to examine current programs to increase the coordination of these programs, streamline the process for applying for benefits, make eligibility requirements clear and easy to understand, and if possible, create a one-stop resource that highlights what benefits may be available and how to access them.

In setting out to review existing programs, it was evident early on that gathering this information was not an easy task. If legislators did not have the ability to easily access this information and nonprofits that focus on assisting low-income individuals did not have this information readily accessible, how can someone in a crisis situation be expected to easily understand the universe of programs and how all those programs interact with each other. In making this recommendation, the study committee strongly believes that this endeavor should be a separate function from the study of the feasibility of basic income and the pursuit of a basic income program should in no way be viewed as a measure to replace existing safety net programs at this juncture. However, members do think, where possible, the re-formed Committee to Study the Feasibility of Creating Basic Income Security should seek input from this group when thinking about parameters for a feasibility study and when developing its findings and recommendations.

When discussing the creation of this group, the study committee thought it was important to strike a balance between members charged with administering programs and members who access safety net programs in order to have a full picture of the issues. In addition, like in recommendations #1 and #2 above, the study committee believes that whatever efforts take place, collaboration with the Commission on the Status of Racial, Indigenous and Maine Tribal Populations will be important to address the racial inequities that are ingrained in the current public assistance system.

The study committee agrees that this should be a permanent entity, because at a minimum, periodic review of these issues would be necessary to ensure that changes made today are still applicable in the future. In addition, new programs may be introduced or existing programs may be changed and the information provided to the public will need to be adapted accordingly.

Existing safety net programs are essential to providing necessary assistance to those in need. However, we need to do a better job at coordinating programs, simplifying access to programs and ensuring programs are adequate to address the needs of society. The study committee trusts that this can be achieved by getting the appropriate people together to identify how and where improvements can be made and has seen firsthand through efforts during this pandemic that necessary adjustments can be made to get resources to those most in need.

³⁷ Members present during the work session portion of the October 29, 2020 meeting, included the following: Senator Shenna Bellows; Representative James Handy; Senator Marianne Moore; Representative Michele Meyer; Samarali Daniels, Professor Michael Howard; Tracie Bellinger; Karin Anderson; and Sass Linneken.

Recommendation #4: The Legislature should develop an orientation or training program for public members appointed to serve on legislative studies in the interest of advancing inclusiveness and equitable representation.

The input from impacted populations and members of the public who represented diverse backgrounds and lived experiences was invaluable to the process of considering a basic income program and the evaluation of safety net programs. Members of the public appointed to legislative studies serve a crucial role in providing a voice to those who do not always have an opportunity to participate in the legislative process in this manner. However, the legislative process can at times be extremely complex and daunting. Often times, because a member of the Legislature also serves on a legislative study committee, commission or task force, it is taken for granted that everyone has the same intimate knowledge of the entire process.

For these reasons the members of the study committee present at the work session held on October 29, 2020³⁸ make the following recommendation:

- Develop an orientation or training program for public members appointed to serve on legislative studies in the interest of advancing inclusiveness and equitable representation.

The study committee believes that providing public legislative study members with an orientation or training on participation on a legislative study committee, commission or task force is a more equitable approach to the process. In addition to including finding #3 and this recommendation in its report, the study committee also presented a memorandum to the Legislative Council to express its support for the development of an orientation or training program for public members appointed to legislative studies.

VI. CONCLUSION

Almost 11 percent of Maine’s population lives in poverty.³⁹ The rates of poverty are higher for people of color and tribal people – 37.2 percent for Native Americans, 36.2 percent for African Americans, and 20.3 percent for the Latinx community.⁴⁰ The pandemic has only made these disparities worse. While the full economic impact of the global pandemic remains to be seen, approximately one in three Mainers is having difficulty covering usual household expenses as a result of the COVID-19 recession.⁴¹

Basic income security has gained worldwide attention since the start of the pandemic. Earlier this year, the federal CARES Act was passed by Congress to help mitigate the financial burden of the COVID-19 pandemic by providing direct economic assistance to American workers, families and small businesses. Most Americans received a one-time stimulus payment to boost the health of the economy.

³⁸ Members present during the work session portion of the October 29, 2020 meeting, included the following: Senator Shenna Bellows; Representative James Handy; Senator Marianne Moore; Representative Michele Meyer; Samarali Daniels, Professor Michael Howard; Tracie Bellinger; Karin Anderson; and Sass Linneken.

³⁹ <https://www.census.gov/quickfacts/fact/table/ME/HSD410218>.

⁴⁰ <https://talkpoverty.org/state-year-report/maine-2018-report/>.

⁴¹ <https://www.cbpp.org/research/poverty-and-inequality/tracking-the-covid-19-recessions-effects-on-food-housing-and>.

These stimulus payments are a real time experiment in basic income security. The study committee heard examples of how basic income programs lifted people out of poverty and created more financial stability. The study committee believes this is an idea worth exploring and would like to study the feasibility of providing some form of basic income security in Maine.

Basic income would not replace the existing network of safety net programs, but would augment the social safety net. By examining the inadequacies and shortcomings of current public safety programs and exploring the feasibility of guaranteed basic income in Maine, the study committee hopes the State will move forward on a better path to reducing poverty and advancing equity in Maine.

APPENDIX A
Authorizing Legislation

STATE OF MAINE

IN THE YEAR OF OUR LORD

TWO THOUSAND NINETEEN

S.P. 412 - L.D. 1324

Resolve, To Establish the Committee To Study the Feasibility of Creating Basic Income Security

Sec. 1. Committee established. Resolved: That the Committee To Study the Feasibility of Creating Basic Income Security, referred to in this resolve as "the committee," is established.

Sec. 2. Committee membership. Resolved: That the committee consists of 11 members appointed as follows:

1. Three members of the Senate appointed by the President of the Senate, including a representative of each of the following joint standing committees:

- A. The Joint Standing Committee on Labor and Housing;
- B. The Joint Standing Committee on Health and Human Services; and
- C. The Joint Standing Committee on Taxation;

2. Three members of the House of Representatives appointed by the Speaker of the House, including a representative of each of the following joint standing committees:

- A. The Joint Standing Committee on Labor and Housing;
- B. The Joint Standing Committee on Health and Human Services; and
- C. The Joint Standing Committee on Innovation, Development, Economic Advancement and Business;

3. Two members of the public who represent low-wage workers and recipients of public benefits, appointed by the President of the Senate;

4. One member of the public who represents business and industry, appointed by the Speaker of the House;

5. One member who represents higher education, appointed by the Speaker of the House; and

6. One member who represents a trade union, appointed by the Governor.

Sec. 3. Chairs. Resolved: That the first-named Senate member is the Senate chair and the first-named House of Representatives member is the House chair of the committee.

Sec. 4. Appointments; convening of committee. Resolved: That all appointments must be made no later than 30 days following the effective date of this resolve. The appointing authorities shall notify the Executive Director of the Legislative Council once all appointments have been completed. After appointment of all members, the chairs shall call and convene the first meeting of the committee. If 30 days or more after the effective date of this resolve a majority of but not all appointments have been made, the chairs may request authority and the Legislative Council may grant authority for the committee to meet and conduct its business.

Sec. 5. Duties. Resolved: That the committee shall examine and make recommendations on the feasibility of providing basic economic security through a direct cash payment system and other programs that are designed to help individuals and families become more economically secure, including, but not limited to:

1. Tax rebates and credits, including strengthening the earned income tax credit and a negative income tax;
2. Universal basic income and unconditional cash transfers to residents of the State; and
3. Other direct cash benefit programs.

The committee shall also investigate the effectiveness of existing safety net programs, such as tax credit, child care and food supplement programs, and compare those programs to any recommended direct cash payment programs.

In fulfilling its duties under this section, the committee shall as necessary invite input from the Department of Administrative and Financial Services, Bureau of Revenue Services and from the Governor's Office of Policy and Management.

Sec. 6. Staff assistance. Resolved: That the Legislative Council shall provide necessary staffing services to the committee, except that Legislative Council staff support is not authorized when the Legislature is in regular or special session.

Sec. 7. Report. Resolved: That, no later than November 4, 2020, the committee shall submit a report that includes its findings and recommendations, including suggested legislation, for presentation to the First Regular Session of the 130th Legislature.

Sec. 8. Outside funding. Resolved: That the committee shall seek funding contributions to fully fund the costs of the study. All funding is subject to approval by the Legislative Council in accordance with its policies. If sufficient contributions to fund the study have not been received within 30 days after the effective date of this resolve, no meetings are authorized and no expenses of any kind may be incurred or reimbursed.

APPENDIX B

Membership List

