

Nadeau, Karen

From: Ron Hikel <ron.hikel@outlook.com>
Sent: Wednesday, November 13, 2019 4:19 PM
To: Nadeau, Karen
Subject: brief resume as requested

This message originates from outside the Maine Legislature.

Ron Hikel is a political scientist and management consultant, concerned all of his adult life with improving the public sector's capacity to advance the public good. He has done this from four angles:

1. As a professor of political science, teaching public administration and comparative government and politics in US and Canadian universities (Clarkson University, the University of Winnipeg and the University of Manitoba. He has degrees in this subject from Boston and Columbia universities
2. As a senior public servant in Manitoba, Saskatchewan and British Columbia, in the areas of social services, health care and public policy. This included five years negotiating and managing the federal-provincial experiment with a guaranteed annual income. He set up and directing a 125-person research agency to conduct this controlled social science experiment.
3. As a private sector management consultant (KPMG Canada), and as executive director of the KPMG Centre for Government.
4. As a political advisor and campaign aide, he has worked in about 30 electoral campaigns in the US, Canada and Britain. He also served the first two years of the Obama administration on Capitol Hill as Legislative Director and deputy chief of staff for a Member of Congress from New York state.

He is married, with three adult children. He is a dual citizen of both Canada and the United States; and is a veteran of four years service with the US Air Force. He is a life-long Boston Red Sox fan.

GOOD AFTERNOON AND THANK YOU FOR THE INVITATION.

AS BACKGROUND TO SPECIFIC SUGGESTIONS FOR YOU, I WOULD LIKE TO TELL YOU A BIT ABOUT MANITOBA BASIC INCOME, OR MINCOME AS IT CAME TO BE KNOWN. I PROVIDE THIS BACKGROUND BECAUSE, PROBABLY DUE TO THE FACT THAT NO HISTORY OF MINCOME WAS WRITTEN CONTEMPORANEOUSLY, MUCH MISINFORMATION ABOUT IT IS IN CIRCULATION.

MINCOME WAS THE FEDERAL-PROVINCIAL CONTROLLED SOCIAL SCIENCE EXPERIMENT WITH GUARANTEED ANNUAL INCOME. THE EXPERIMENT WAS THE BRAIN-CHILD OF THREE ELECTED LEADERS: CANADIAN PRIME MINISTER PIERRE ELIOT TRUDEAU, HIS MINISTER OF HEALTH AND WELFARE MARC LALONDE AND THE PREMIER OF MANITOBA EDWARD SCHREYER.

SCHREYER RECRUITED ME IN 1972 FROM A LOCAL UNIVERSITY, TO DEFINE THE RESEARCH PROGRAM, NEGOTIATE COST-SHARING WITH THE FEDERAL GOVERNMENT AND THEN BUILD AND MANAGE WHAT EVENTUALLY BECAME A 125-PERSON RESEARCH ORGANIZATION TO DO THE WORK. THAT ORGANIZATION INCLUDED SOCIAL SCIENTISTS, DATA PROCESSING SPECIALISTS AND ADMINISTRATIVE AND PAYMENTS-PROCESSING STAFF.

THE EXPERIMENT TOOK MORE THAN FIVE YEARS TO COMPLETE. PAYMENTS TO RECIPIENTS WERE MADE FOR ROUGHLY THREE TO FOUR YEARS. MINCOME COST \$17.35 MILLION OR ABOUT \$60 MILLION TODAY, PRIMARILY IN TRANSFER PAYMENTS AND RESEARCH EXPENSES.

MINCOME HAD THREE DIFFERENT RESEARCH COMPONENTS:

- A DISPERSED SAMPLE OF LOW-INCOME RECIPIENTS AND CONTROL INDIVIDUALS AND FAMILIES LIVING IN THE PROVINCIAL CAPITAL OF WINNIPEG;
- A DISPERSED SAMPLE IN SEVERAL SMALL RURAL TOWNS, ACTING AS CONTROLS FOR THE FINAL COMPONENT.
- THIRD, A SO-CALLED SATURATION SITE IN THE CITY AND RURAL MUNICIPALITY (RM) OF DAUPHIN, MANITOBA.

THE CITY AND SURROUNDING RURAL MUNICIPALITY HAD A POPULATION THEN OF ABOUT 11,000. ANYONE LIVING THERE COULD APPLY FOR PAYMENTS. THEY COULD RECEIVE PAYMENTS IF THEIR INCOME, INCLUDING EARNINGS, FELL BELOW A DESIGNATED MINIMUM-BY FAMILY SIZE. ELIGIBILITY CONTINUED FOR AS LONG AS THEIR INCOME WAS BELOW THAT MINIMUM. DURING THE EXPERIMENT, ABOUT 3,000 RESIDENTS RECEIVED PAYMENTS FOR VARYING PERIODS, IN VARYING AMOUNTS. A NUMBER OF THEM CAME ON AND WENT OFF THE PROGRAM MORE THAN ONCE. THE ABILITY OF THE SYSTEM TO VARY THE AMOUNT OF SUPPORT PAYMENTS IS ABSOLUTELY ESSENTIAL. IN GENERAL, THE EARNINGS OF FAMILIES WITH LOWER INCOMES TEND TO FLUCTUATE SIGNIFICANTLY FROM ONE PERIOD TO ANOTHER. VARYING THE CORRESPONDING SUPPORT PAYMENT IS HOW SUCH A PROGRAM ACHIEVES FINANCIAL SECURITY FOR PARTICIPANTS.

PARTICIPANTS PROVIDED US WITH MONTHLY EARNED AND OTHER INCOME REPORTS, ON THE BASIS OF WHICH THEIR SUPPLEMENTATION PAYMENTS WERE CALCULATED FOR ONE MONTH. IF THEIR OTHER INCOME SUBSEQUENTLY INCREASED IT REDUCED THEIR ENTITLEMENT BY 50% OF THAT AMOUNT, SO THEY WERE ALWAYS BETTER OFF BY WORKING MORE. THIS IS THE SAME WAY IN WHICH A REAL PROGRAM WOULD PRESUMABLY OPERATE. I SHOULD NOTE THAT THIS REALISTIC TRIAL WAS NOT MY IDEA BUT THAT OF PROFESSOR MICHAEL LAUB, ECONOMIST OF THE UNIVERSITY OF MANITOBA.

IN THE FALL OF 1977 A NEWLY ELECTED CONSERVATIVE GOVERNMENT IN MANITOBA DECIDED TO END THE EXPERIMENT, THEN ORDERED THE COLLECTED BUT UNANALYZED DATA PLACED IN A WAREHOUSE. THERE IT SITS TO THIS DAY.

[MY OWN SUSPICION IS THAT THEY DID NOT WISH TO KNOW THE RESULT BECAUSE IF IT WORKED THAT WOULD HAVE BEEN PRESSURE TO BRING IT IN; AND IF IT FAILED, THEY WOULD HAVE BEEN DISPLEASED BY THE "WASTE" OF PUBLIC MONEY.]

FORTUNATELY, IN 2011, EVELYN FORGET, AN ECONOMICS PROFESSOR FROM THE UNIVERSITY OF MANITOBA, PUBLISHED HER ANALYSIS OF A SAMPLE OF THAT DATA. HER RESEARCH, TITLED "THE TOWN WITH NO POVERTY", IS AVAILABLE. IT SHOWED A

MODEST DECLINE IN WORK EFFORT, PRIMARILY BY THOSE WHO WERE NOT PRINCIPAL BREAD WINNERS, BUT ALSO DECLINES IN THE DEMAND FOR MEDICAL AND MENTAL HEALTH CARE. HIGH SCHOOL COMPLETION RATES INCREASED WHILE THE CRIME RATE DROPPED, DOMESTIC VIOLENCE BY A SIGNIFICANT AMOUNT.

IN THE SHORT TIME REMAINING — AND I AM DETERMINED TO SAVE TIME FOR QUESTIONS — THE MOST USEFUL THING I CAN DO IS MAKE A FEW SPECIFIC SUGGESTIONS FOR YOU TO CONSIDER. SHOULD YOU BE INTERESTED IN ANY OF THESE, I WOULD BE PLEASED TO FOLLOW UP.

I ACKNOWLEDGE THAT I AM NOT FAMILIAR WITH EITHER YOUR CURRENT DELIBERATIONS OR THE POLITICAL, FINANCIAL OR INTER-PERSONAL DIMENSIONS OF YOUR POLICY ENVIRONMENT. ON THE OTHER HAND, OVER THE LAST ALMOST FIFTY YEARS I HAVE REACHED SOME CONCLUSIONS ABOUT THOSE ACTIONS THAT MIGHT INCREASE THE CHANCE OF THE IMPLEMENTATION OF A TRUE BASIC ANNUAL INCOME PROGRAM.

AND TO BE CLEAR BEFORE I BEGIN MY SUGGESTIONS, IN MY VIEW, SUCH A PROGRAM IS A GOVERNMENT-RUN SYSTEM CAPABLE OF ASSURING THAT EVERY RESIDENT OF MAINE OF REGULAR AND SUFFICIENT INCOME TO MEET AT LEAST THE BASIC COSTS OF A DECENT HUMAN EXISTENCE. THE OVERALL PROGRAM WOULD BE BASED ON PUBLIC LAW, LARGELY FINANCED BY TAX-BASED REVENUE, WITH DELIVERY OPERATIONS OVERSEEN BY AN AGENCY ACCOUNTABLE TO THE STATE GOVERNMENT.

WITH THAT PREAMBLE, HERE ARE MY SUGGESTIONS:

1. BEGIN BY ACCEPTING THE REALITY THAT ALTHOUGH BASIC INCOME HAS BEEN DEBATED AND CONSIDERED ON AND OFF FOR ALMOST FIVE DECADES IN NORTH AMERICA, NO COMPREHENSIVE PROGRAM OF THE TYPE WE TESTED HAS AS YET BEEN IMPLEMENTED. THIS FACT ALONE TELLS US THAT THE BARRIERS— POLITICAL, FINANCIAL AND TECHNICAL, ARE ENORMOUS. STILL, I REMAIN OPTIMISTIC THAT THERE ARE WAYS TO INCREASE THE PROBABILITY OF REALIZING THIS DREAM.

2. ADVOCATES SHOULD UNDERSTAND THAT BASIC INCOME CANNOT BE JUST AN APPEALING CONCEPT. IF IT IS TO BE ACTUALLY ACHIEVED AND DELIVER TRUE SOCIAL BENEFITS, EVEN MORE SIGNIFICANTLY, IT MUST BE A HIGHLY EFFECTIVE AND EFFICIENT PIECE OF ORGANIZATIONAL AND ADMINISTRATIVE MACHINERY THAT CAN MAKE FULL AND IMAGINATIVE USE OF THE MOST ADVANCED INFORMATION PROCESSING TECHNOLOGY.

LEADERS IN THIS PROCESS MUST IN PARTICULAR ACCEPT AND THEN REMEMBER WELL THE LESSONS FROM RECENTLY FAILED ATTEMPTS AT BASIC INCOME PROGRAMS. SEVERAL HAVE GONE BADLY OFF THE RAILS, SUCH AS THE STILL-STRUGGLING BRITISH UNIVERSAL CREDIT SCHEME. THAT PROJECT, BEGUN IN 2010, IS STILL YEARS SHORT OF SUCCESSFUL OPERATION AND IS AT PERPETUAL RISK OF BEING CANCELLED OUTRIGHT.

3. A KEY EARLY STEP IS TO FIRMLY ESTABLISH BASIC BEHAVIORAL, FINANCIAL AND SOCIAL DEVELOPMENT OBJECTIVES THE GOVERNMENT WISHES THIS PROGRAM TO ACHIEVE FOR THE PEOPLE OF MAINE. ONCE THESE AIMS HAVE BEEN ADOPTED, GOVERNMENT WOULD BE WISE TO STICK WITH THEM UNTIL THEY HAVE BEEN REALIZED.

4. DO **NOT** UNDERTAKE YET ANOTHER CONTROLLED SOCIAL SCIENCE EXPERIMENT LIKE MINCOME, FIVE EARLIER US EXPERIMENTS AND OTHERS. [THIS WOULD BE VERY EXPENSIVE, TAKE 3 TO 4 YEARS FROM START TO FINISH, DURING WHICH ANY SUPPORTIVE POLITICAL ENVIRONMENT MIGHT VANISH. THIS IS WHAT HAPPENED WITH BOTH MANITOBA AND JUST LAST YEAR WITH THE PILOT IN THE PROVINCE OF ONTARIO.] WE ALREADY KNOW ENOUGH ABOUT HOW BASIC INCOME WILL ALTER HUMAN CONDUCT TO MOVE AHEAD TO MORE OPERATIONAL MATTERS.

5. INSTEAD, COMMISSION A FEW LOCAL SOCIAL SCIENTISTS – SOCIOLOGISTS, POLITICAL SCIENTISTS, PSYCHOLOGISTS, ECONOMETRICIANS AND A SOCIAL WORKER OR TWO, AMONG THEM – TO COMPILER A REPORT FOR GOVERNMENT ON WHAT IS ALREADY KNOWN WORLD-WIDE. I WOULD INCLUDE IN THIS COMPILATION RESEARCH DONE BY THE NEW YORK CITY-BASED MANPOWER DEMONSTRATION RESEARCH CORPORATION AND THE STANFORD UNIVERSITY BASIC INCOME LAB, AMONG OTHERS.

6. WITH THE BEST INFORMATION AVAILABLE, YOU WOULD THEN BE IN A POSITION TO SELECT A SPECIFIC CORE DELIVERY AND OPERATIONAL DESIGN FOR YOUR PROGRAM SUPPORTED BY THE BEST EVIDENCE AVAILABLE. THIS WILL BE YOUR SINGLE MOST IMPORTANT PHASE IN THIS PROCESS. AMONG THE CRITICAL STEPS TO INCREASE YOUR PROBABILITY OF SUCCESS, I RECOMMEND:

- SELECT A STRONG PROJECT LEADER WHO HAS RELEVANT EXPERIENCE AND IS WELL-KNOWN TO AND TRUSTED BY THE POLITICAL LEADERS OF YOUR STATE TO LEAD THE DESIGN PROCESS.
- WITH THE OVERALL DESIGN IN HAND, COLLABORATE WITH ONE OR MORE PRIVATE SECTOR FIRMS CURRENTLY EXPERT AND COMMERCIALY SUCCESSFUL IN THE PROCESSING OF PAYMENT TRANSACTION DATA. A PUBLIC-PRIVATE DEVELOPMENT PARTNERSHIP BUILT THROUGH A PUBLIC TENDER PROCESS, COULD DESIGN AND OPERATE AN EFFICIENT PAYMENTS SYSTEM. THE SOUND FUNCTIONING OF THIS PAYMENT SYSTEM IS OF PARAMOUNT IMPORTANCE.
- SET UP AN INDEPENDENT ADVISORY/OVERSIGHT BODY OF PUBLIC SERVANTS, ACADEMICS AND PRIVATE SECTOR SPECIALISTS THAT THE PUBLIC SECTOR PROJECT MANAGEMENT TEAM WOULD REPORT TO. OF COURSE, THE ULTIMATE ACCOUNTABILITY WOULD BE TO THE LEGISLATURE, BUT FOR SUCH A MULTI-YEAR ENDEAVOR, THE EXISTENCE OF AN INDEPENDENT BODY WOULD HELP INSULATE THE PROJECT TEAM FROM POSSIBLE CHANGES IN DIRECTION.

7. IN THE CREATION OF THE DELIVERY SYSTEM, PLACE PRIMARY EMPHASIS ON A DESIGN THAT WOULD:

- ALWAYS REWARD INCREASED WORK EFFORT AND INCREASED EARNED INCOME.
- OPERATE AT AN ADMINISTRATIVE COST PER DOLLAR TRANSFERRED THAT IS LOWER THAN YOUR CURRENT INCOME SUPPORT PROGRAMS.
- MAKE FRAUD EXTREMELY DIFFICULT.

8. LOOK FOR WAYS TO DESIGN A NEW SYSTEM THAT COULD AT LEAST PARTIALLY REPLACE PARALLEL INCOME TRANSFER SYSTEMS NOW IN PLACE IN THE STATE. IN DOING SO, HOWEVER, ANTICIPATE THE REASONABLE FEARS OF THOSE NOW

BENEFITTING FROM OLDER PROGRAMS, THAT THE NEW PROGRAM MIGHT REDUCE THE INCOME THEY NOW RECEIVE. THE REPLACEMENT OF PROGRAMS WITH SEPARATE QUALIFICATION CRITERIA AND ADMINISTRATIVE SYSTEMS CAN SIGNIFICANTLY REDUCE THE ADDITIONAL COST OF BASIC INCOME AND INCREASE WORK INCENTIVE.

9. WITH WHAT IS ALREADY KNOWN AND WELL DOCUMENTED AND CLEAR POLICY OBJECTIVES FIRMLY IN PLACE, THE OPERATIONAL DESIGN CAN BE CAREFULLY MAPPED. WITH A PLAN ON HOW TO DO THIS AT AN ACCEPTABLE COST TO THE TAXPAYER, CONDUCT AN **ADMINISTRATIVE** TEST OF ENTIRE PROGRAM IN TWO OR POSSIBLY THREE COMMUNITIES OF VARIOUS SIZES, IN SEVERAL DIFFERENT AREAS OF THE STATE. AS WITH DAUPHIN, MAKE EVERY INDIVIDUAL OR FAMILY WITH EARNED AND TRANSFER INCOME AT OR BELOW THE THRESHOLD AMOUNT ELIGIBLE TO APPLY FOR AND RECEIVE INCOME SUPPLEMENTATION. THE THRESHOLD WOULD BE SET AT THE AMOUNT, BASED ON FAMILY SIZE, NECESSARY TO MEET THE LOCAL COST OF LIVING. IN SHORT, THE ONLY ELIGIBILITY CRITERION WOULD BE EARNED AND TRANSFER FAMILY INCOME BELOW THE THRESHOLD.

10. UPON COMPLETION OF A ONE-YEAR TEST RUN, ASK THE OVERSIGHT BODY CREATED BEFORE THE IMPLEMENTATION BEGAN TO REVIEW WHAT HAS BEEN LEARNED BY THIS TEST. THE OVERSIGHT BODY CAN RECOMMEND A FINAL OPERATIONAL DESIGN FOR SUBSEQUENT AND GRADUAL STAGE-BY-STAGE STATE-WIDE ROLLOUT.

I WOULD BE PLEASED TO TAKE ANY QUESTIONS YOU MAY HAVE; AND THANK YOU.