

Good afternoon Senator Chipman, Representative Madigan, and members of the Committee to Study the Feasibility of Creating Basic Income Security. My name is Sarah Austin. I'm the Director of Policy and Research at the Maine Center for Economic Policy. I'm here on behalf of MECEP to express interest in conducting a study of the feasibility and impact of a basic income policy in Maine.

MECEP has a proven track record of analyzing and providing context on policy issues that impact low-income Mainers, with a particular specialization in analyzing tax credits targeted to working families. This study would be a direct extension of that work into a promising policy area that has attracted significant new attention among policy makers in recent years.

Since 1994, the Maine Center for Economic Policy has helped secure improved economic opportunity for working families by advocating for fairer tax policies, access to education, health care, and livable wage jobs, and for critical investment in government programs and services on which Maine people rely.

Our mission is to provide citizens, policymakers, advocates, and media with credible and rigorous economic analysis that advances economic justice and prosperity for all Maine people.

Over the years, MECEP's analysis has informed policy debates on issues ranging from wage policies, taxes, refundable tax credits, and healthcare. In studying basic income we'd use our broad expertise in these fields and the various methods of analysis to offer a comprehensive assessment of the policy's feasibility and impact. Some specific examples of past work include:

- MECEP developed a methodology for calculating livable wages in Maine that was endorsed by a livable wage commission established by the legislature in 2005 and adopted by the Department of Labor in its 2008 and 2010 calculations.
- MECEP calculated the impacts of Medicaid expansion in Maine, including that 70,000 people would benefit, it would bring in \$500 million in federal dollars, and would create 6,000 new jobs. These became the defining data points in the public discussion of whether or not to expand Medicaid in Maine.
- MECEP produced a 2019 report for Maine AllCare: Assessing the Costs and Impacts of a State-Level Universal Health Care System in Maine which analyzed costs of a state-wide system, assessed the degree to which families would newly gain coverage or experience savings on health costs, and matched revenue options necessary to cover those costs.
- In my position at MECEP, I chaired the Working Group to Study the Consolidation of Payment of Cost-of-Living Tax Credits, a legislatively created working group that reviewed Maine's tax credits available to low-income families, explored the feasibility of monthly payments, and reviewed the interaction between monthly payments and safety net program eligibility.
- MECEP consistently has provided insight and analysis on disparate economic, health, and policy outcomes in Maine by race, ethnicity, and gender. This includes being among the first organizations in 2020 to produce analysis that spotlighted Maine as having one of the worst COVID disparities by race. More recently, MECEP's 2021 State of Working Maine report provided greater insight into different outcomes for women and workers of color during COVID.

As part of our study, MECEP could provide the following

- A review of past and current Basic Income policies and their studied impacts in the United States. This would include a Maine analysis of the poverty-reduction impacts of the Child Tax Credit as delivered through monthly payments under the American Rescue Plan Act of 2021.
- Detailed policy analysis of the estimated poverty reduction outcomes of additional cash policies.
  - This section could look further into the potential impacts that a basic income could have on educational attainment, health, generational income security, and increased labor participation.
- The projected broader macroeconomic impacts of a statewide basic income, which would look at such a program's impacts beyond that of poverty reduction for recipients.
- A racial equity impact analysis of direct cash payments, to the extent the data allows.
- A review of any limitations of direct cash payment programs, including any negative impacts on eligibility for other safety net programs.
- A limited administrative feasibility based on our previous cost-of-living tax credit work, and a review of current tax credit programs targeted to low-income households.
- A comprehensive cost estimate and a survey of potential pay-fors to fund such a program. Where data allows, pay-for proposals would include distributional impacts by income.

Due to MECEP's role in providing policy analysis during the legislative session, we would have the capacity to execute our feasibility study following the session's conclusion. If selected by the Committee, MECEP would deliver our analysis by the end of August 2022.

Thank you all for the work you will do on this committee, and thank you for your consideration of this proposal. I'm happy to answer any questions.

Sarah Austin

Director of Policy and Research  
Maine Center for Economic Policy  
[saustin@mecep.org](mailto:saustin@mecep.org) | 207.620.1104