



State of Maine
130th Legislature, First Regular/Special Session

Committee To Study the Feasibility of Creating Basic Income Security

December 2021

Office of Policy and Legal Analysis



**STATE OF MAINE
130th LEGISLATURE
FIRST REGULAR/SPECIAL SESSION**

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Members:

**Sen. Benjamin Chipman, Chair
Rep. Colleen Madigan, Chair
Sen. Marianne Moore
Sen. David M. Miramant
Rep. Amy Roeder
Rep. Susan Barnard
Sass Linneken
Crystal Fawn Gamet
Michael Howard
Lori Moses
Tracie Bellinger**

Executive Summary

The 130th 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 2021, chapter 405. Pursuant to the resolve, 11 members were appointed to the study committee.

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

- Examine and assess the feasibility, economic impact and poverty reduction effect 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;
- Consider what the State can do to further the goal of helping individuals and families to become more economically secure and to move state residents towards improved economic security; and
- Make recommendations about what the Federal Government can do to help achieve this goal.

Over the course of two meetings, 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 as an Emergency Measure for a two-year period with the same membership so that the study committee can contract for a feasibility study, analyze the results and then make draft recommendations to the Second Regular Session of the 131st Legislature. The reestablished study committee should include the ability to raise additional funds if necessary. The draft recommendations to the Second Regular Session of the 131st Legislature report shall go to the joint standing committee with jurisdiction over labor matters and the joint standing committee with jurisdiction over health and human services matters, and each joint standing committee may report out legislation to the Second Regular Session of the 131st Legislature; and
2. Create a permanent group through legislation, that includes members from agencies and municipalities who administer safety net programs, impacted individuals who access safety net programs and other stakeholders in order 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.

INTRODUCTION

The Committee To Study the Feasibility of Creating Basic Income Security (the “study committee”) was established by Resolve 2021, chapter 405 (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 2021, chapter 405. The study committee is charged with:

- Examining and assessing the feasibility, economic impact and poverty reduction effect 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;
- Considering what the State can do to further the goal of helping individuals and families to become more economically secure and to move state residents towards improved economic security; and
- Making recommendations about what the Federal Government can do to help achieve this goal.

The resolve also requires the study committee to seek funding contributions to fully fund the costs of the study, including the hiring of an outside consultant to conduct a feasibility study or to provide the committee with additional staffing needs, if funding permits. The resolve specifies that all funding is subject to approval by the Legislative Council in accordance with Legislative Council policies. The committee is authorized to use the balances from the study authorized by the 129th Legislature in Resolve 2019, chapter 82. Chapter 405 further specifies that if sufficient funds are not received within 30 days after the effective date, the study committee is not authorized to meet or to expend any funds.

Resolve 2021, chapter 405 became effective on October 18, 2021 and the study committee received necessary outside funding within the 30-day timeframe (On November 17). The Legislature approved the outside funding and also approved a request to extend the reporting date from December 1 to December 15.

The resolve directs the study committee to submit a report with findings and recommendations for presentation to the Joint Standing Committee on Labor and Housing in the Second Regular Session of the 130th Legislature.

The study committee used its limited time and held two meetings; one on December 7 and one on December 13.

STUDY COMMITTEE PROCESS

At the study committee's first meeting on December 7, 2021, study committee staff provided an overview of the authorizing legislation and a summary of the November 2020 final report of the Committee To Study the Feasibility of Creating Basic Income Security (129th Legislature) pursuant to Resolve 2019, chapter 82. Given that many of the duties in Resolve 2021, chapter 405 were discussed and recorded in the November 2020 report, the study committee focused its attention on how to conduct a feasibility study of a basic income security program in Maine, recommended in the November 2020 report.¹

To facilitate discussion, staff presented the study committee with three potential options for conducting a feasibility study:

1. Contracting with and having an outside entity conduct a feasibility study pursuant to the resolve, with the study committee submitting its recommendations to the Joint Standing Committee on Labor and Housing by December 15, 2021 as required by the resolve;
2. The study committee itself doing its own feasibility study, not contracting with an outside entity, and coming up with recommendations to submit in its report to the Joint Standing Committee on Labor and Housing by December 15, 2021; and
3. Submitting a report to the Joint Standing Committee on Labor and Housing articulating that the study committee did not have adequate time to perform its work and recommending that the Joint Standing Committee on Labor and Housing report out legislation to reauthorizing the study committee so the work can proceed in 2022 after adjournment of the Second Regular Session of the 130th Legislature.

Prior to the first meeting, the Chairs of the study committee directed staff to submit inquiries to organizations who have expertise in studies or that have previously shown interested in conducting a feasibility study. Staff submitted inquiries to three organizations:

- Maine Center for Economic Policy (MECEP)
- Margaret Chase Smith Policy Center at the University of Maine
- Stepwise Data Research

Each organization responded with written comments. Sarah Austin, Director of Policy and Research at MECEP, attended the meeting on December 7th and elaborated on her written comments after study committee members asked whether MECEP would be able to conduct such a feasibility study during the legislative session; Ms. Austin indicated it was unlikely and could not commit to completing a feasibility study during session.²

The University of Maine System wrote that its analysis would include a

¹ <https://legislature.maine.gov/doc/4674>.

² <https://legislature.maine.gov/doc/7651>.

“ . . . thorough review of past basic income trials, existing long-term programs, and ongoing experiments in basic income. The feasibility of providing universal basic income through a direct cash payment system will be addressed, including how it could be implemented to complement existing programs and tax credits. In addition to an exploration of the feasibility of universal basic income, the analysis will examine the feasibility of enhanced welfare programs targeted strictly to low-income Maine resident participants. The implications for both economic security and fiscal repercussions will be estimated under different scenarios (to be developed in consultation with the Maine Legislature, Governor’s Office, and other stakeholders as appropriate).”

The University of Maine System further wrote that a “thorough objective analysis of the feasibility of creating basic income security in Maine will take about three months and would cost approximately \$20,000.”³

Michael LeVert of Stepwise Data Research wrote expressing interest in completing the study, but that the study committee should consider what parameters should be in place to test the feasibility of and ultimately develop a well-formed plan. He included examples such as a pros/cons analysis of a direct payment to all Maine residents vs. a means-tested payment linked to existing safety net programs vs. a dividend payment, similar to the Permanent Fund Dividend in Alaska.⁴ Mr. LeVert wrote that the study committee may also want to consider what the substance of the study will consist of, such as a cost estimate for the program, how it will be funded, an estimate of the sustainability of that funding, which executive branch agency will administer the program, what capacity that agency has to administer that program, and how it will be marketed. He wrote that the study committee can obtain good information for \$20,000, but that it would likely cost \$50,000 or more for a feasibility study. He wrote that a realistic timeline for completion is approximately three months.⁵

The study committee also heard public comment from Larry Dansinger, and received written comments from Lisa Savage and Gisele Huff.

Study committee members expressed a desire to move as quickly as possible in contracting with an outside entity to conduct a feasibility study and expressed frustration that the previous Committee To Study the Feasibility of Creating Basic Income Security was not able to accomplish this goal despite being constituted over two years. Study committee members also voiced frustration at the study process in general, particularly at the temporary existence of the

³ <https://legislature.maine.gov/doc/7649>.

⁴ According to the November 2020 final report of the Committee To Study The Feasibility of Creating Basic Income Security, the Permanent Fund Dividend Program consists of the Alaska Permanent Fund, which is endowed from the oil wealth owned in common and rented for royalties collected from oil companies. It was created in 1976 as a sovereign wealth fund for the State of Alaska. The purpose of the fund is to provide a universal, unconditional, annual cash payment to all residents of Alaska. Study committee member Michael Howard provided a presentation on this to the Committee To Study the Feasibility of Creating Basic Income Security on October 29, 2020. That presentation and supporting resources can be found here: <https://legislature.maine.gov/basic-income-security-study>.

⁵ <https://legislature.maine.gov/doc/7650>.

study committee and the challenges associated with entering into a contract with an outside entity because it would be in process after the disbandment of the study committee.

The study committee expressed interest in having the Joint Standing Committee on Labor and Housing or a subcommittee of members of the Joint Standing Committee on Labor and Housing report out a bill to conduct a feasibility study in early 2022. The bill would also reestablish the study committee with the expectation that it would regroup after adjournment of the Second Regular Session of the 130th Legislature. The reestablished study committee would then examine the results of the feasibility study and make recommendations to the joint standing committee of the 131st Legislature with jurisdiction over labor matters. Staff pointed out various considerations associated with this proposal, including how it would require emergency enactment of the bill reported out by the Joint Standing Committee on Labor and Housing and that it would be sent to the Study Table for consideration toward the end of the legislative session. The timeline would likely still not allow for a feasibility study to begin until after adjournment of the Second Regular Session of the 130th Legislature.

The study committee next met on December 13 for its final meeting. Staff reminded study committee members of the options discussed at the previous meeting. Study committee member Michael Howard suggested that the study committee be reestablished for a period of two years, similar to the committee established in Resolve 2019, chapter 82. He suggested that this would give the study committee flexibility to raise additional funds, if necessary, given that the committee heard \$20,000 may not be adequate for a feasibility study. It would also allow a study committee made up of diverse members with experience and expertise in basic income security to oversee the feasibility contract and then make recommendations based upon the results of that feasibility contract.

Study committee members agreed that while it was unfortunate the work of the committee would be delayed yet again, they felt it was the best way to proceed forward given their desire to be involved and to have the work conducted in a measured manner.

The study committee also heard public comments from Larry Dansinger and Peter Knight, who both expressed support for the recommendation to reestablish the study committee.

The study committee voted unanimously⁶ that the reestablished Committee To Study the Feasibility of Creating Basic Income Security report its findings to both the joint standing committee with jurisdiction over labor matters and the joint standing committee with jurisdiction over health and human services matters and that each committee be authorized to recommend legislation to the Second Regular Session of the 131st Legislature.

Study committee members also expressed concerns about the complexity of navigating the social assistance program landscape and how individuals who benefit from those programs struggle with understanding how one program interacts with another program potentially causing an adverse economic affect for that individual. Study committee members also expressed worry that

⁶ Unanimous of those members present: Sen. Chipman, Rep. Madigan, Sass Linneken, Tracie Bellinger, Lori Moses, Rep. Roeder, Rep. Bernard, Sen. Moore and Michael Howard. Crystal Fawn Gamet indicated her support via Sass Linneken; Sen. Miramant was absent.

if basic income security payments were to be distributed to individuals receiving other forms of social assistance then those payments could unintentionally cause that individual economic harm by reducing their eligibility for other social safety net programs because the basic income security payment would be seen as an increase in their income.

The study committee expressed support for a permanent group created through legislation that would serve as a one-stop resource, if possible, highlighting available social safety net benefits and guiding individuals on how to access them.

The study committee voted unanimously⁷ to include a permanent group through legislation that would address some of the study committee's concerns.

⁷ Unanimous of those members present: Sen. Chipman, Rep. Madigan, Sass Linneken, Tracie Bellinger, Lori Moses, Rep. Roeder, Rep. Bernard, Sen. Moore and Michael Howard. Sen. Miramant and Crystal Fawn Gamet were absent.

RECOMMENDATIONS

Recommendation #1: Reestablish the Committee to Study the Feasibility of Creating Basic Income Security as an emergency measure for a two-year period with the same membership so that the study committee can contract for a feasibility study, analyze the results and then make draft recommendations to the Second Regular Session of the 131st Legislature. The reestablished study committee should include authority to raise additional funds if necessary. The report and draft recommendations shall then go to the joint standing committee with jurisdiction over labor matters and the joint standing committee with jurisdiction over health and human services matters, with each authorized to report out legislation to the Second Regular Session of the 131st Legislature.

By establishing the study committee for a period of two years, the study committee can both contract with an outside entity for a feasibility study in year one of the study and then analyze the results and make proposals in year two. This recommendation also gives the study committee more flexibility to raise additional funds, if necessary, given that at least one organization said that \$20,000 may be inadequate. The intent of the study committee is to use the remaining funds from Resolve 2021, chapter 405 for the reestablishment of the study committee.

Members noted their strong desire that the membership of the study committee remain the same as currently appointed to ensure continuity of work and that the committee contains members with previous experience and knowledge of the subject. They also expressed support for the same membership due to its diverse composition, including members of the public that represent low-income Mainers, higher education institutions and a trade organization.

Members also expressed concerns on how low-income Maine residents would fare if Maine were to implement basic income security payments to the population generally. Several study committee members noted that the distribution of basic income payments to these individuals may cause adverse economic harm, such as “benefit cliffs,” which, according to a policy brief by Michael LeVert of Stepwise Data Research, can occur when a family’s increase in earnings results in a greater loss of social assistance benefits.”⁸ Several study committee members noted that while Resolve 2021, chapter 405 directs the study committee to report back to the Joint Standing Committee on Labor and Housing, “benefit cliffs” and other social assistance programs are the policy jurisdiction of the Joint Standing Committee on Health and Human Services.

Recommendation #2: Create a permanent group through legislation, that includes members from agencies and municipalities which administer safety net programs, impacted individuals who 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 highlighting what benefits may be available and how to access them.

⁸ <https://www.jtgfoundation.org/wp-content/uploads/2019/06/Cliffs-Policy-Brief.pdf>.

Because of the complex nature of social assistance programs, those who may benefit from them are often forced to navigate them with little or no assistance nor an understanding how each program affects the other. Due to the complexity of navigating social assistance programs, the study committee feels strongly that having one permanent committee which serves as a one-stop resource for individuals seeking assistance is of paramount importance. At the study committee meeting on December 13, members vocalized the same frustration low-income individuals often feel when they try to understand eligibility for benefits.

The study committee expressed strong concerns with how one social assistance program affects another social assistance program and how the distribution of universal basic income may exacerbate the relationship between programs, ultimately reducing the intended benefits.

One member who served on the previous Committee to Study the Feasibility of Creating Basic Income Security felt frustrated that this recommendation was made in November 2020, introduced in subsequent legislation in the First Special Session of the 130th Legislature, but ultimately not acted upon.

CONCLUSION

The Committee To Study the Feasibility of Creating Basic Income Security is frustrated but undeterred by the short timeframe allotted to complete its work. The study committee believes that upon the reestablishment of the study committee for two years and upon further examination of the feasibility of providing basic income security to Maine residents, that the State of Maine can move forward with a better path of reducing poverty and advancing equity in the State. A permanent group, codified in statute, with a purpose to help individuals navigate the social safety net landscape and to explain how the various social assistance programs interact with one another is essential to alleviating poverty in the State of Maine and providing Maine residents with the assistance they are eligible for and require.

APPENDIX A

Authorizing Legislation: Resolve 2021, chapter 405

STATE OF MAINE

—
IN THE YEAR OF OUR LORD
TWO THOUSAND TWENTY-ONE

—
H.P. 1192 - L.D. 1603

**An Act To Implement the Recommendations of the Committee To Study the
Feasibility of Creating Basic Income Security**

Be it enacted by the People of the State of Maine as follows:

Sec. 1. Committee To Study the Feasibility of Creating Basic Income Security; reestablished. The Committee To Study the Feasibility of Creating Basic Income Security, referred to in this section as "the committee," is established.

1. The committee consists of 11 members appointed as follows:
 - A. Three members of the Senate appointed by the President of the Senate, including a representative of each of the following joint standing committees:
 - (1) The Joint Standing Committee on Labor and Housing;
 - (2) The Joint Standing Committee on Health and Human Services; and
 - (3) The Joint Standing Committee on Taxation;
 - B. 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:
 - (1) The Joint Standing Committee on Labor and Housing;
 - (2) The Joint Standing Committee on Health and Human Services; and
 - (3) The Joint Standing Committee on Innovation, Development, Economic Advancement and Business;
 - C. Two members of the public who represent low-income workers and recipients of public benefits, appointed by the President of the Senate;
 - D. One member of the public who represents business and industry, appointed by the Speaker of the House;
 - E. One member of the public who represents higher education, appointed by the Speaker of the House; and
 - F. One member of the public who represents a trade union, appointed by the Governor.

2. The first-named Senate member is the Senate chair and the first-named House of Representatives member is the House chair of the committee.

3. All appointments must be made no later than 30 days following the effective date of this section. 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.

4. The committee shall examine and assess the feasibility, economic impact and poverty reduction effect 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.

The committee shall consider what the State can do to further the goal of helping individuals and families to become more economically secure and to move state residents towards improved economic security. The committee shall make recommendations about what the Federal Government can do to help achieve this goal.

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

5. The Legislative Council shall provide necessary staffing services to the committee, except that the Legislative Council staff support is not authorized when the Legislature is in regular or special session.

6. No later than December 1, 2021, the committee shall submit a report that includes its findings and recommendations, including suggested legislation, for presentation to the Joint Standing Committee on Labor and Housing. The Joint Standing Committee on Labor and Housing is authorized to report out a bill related to the report.

7. The committee shall seek funding contributions to fully fund the costs of the study including the hiring of an outside consultant to conduct a feasibility study or to provide the committee with additional staffing needs, if funding permits. The committee is authorized to use the balances from the study authorized in Resolve 2019, chapter 82. 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 section, no meetings are authorized and no expenses of any kind may be incurred or reimbursed.

Sec. 2. Appropriations and allocations. The following appropriations and allocations are made.

LEGISLATURE

Study Commissions - Funding 0444

Initiative: Allocates funds received from contributions for the costs to the Legislature of the Committee To Study the Feasibility of Creating Basic Income Security, including the costs of hiring an outside consultant.

OTHER SPECIAL REVENUE FUNDS

2021-22

2022-23

Personal Services	\$1,320	\$0
All Other	\$23,680	\$0
OTHER SPECIAL REVENUE FUNDS TOTAL	<u>\$25,000</u>	<u>\$0</u>

APPENDIX B

Membership list, Committee To Study the Feasibility of Creating Basic Income Security

