

Committee To Study the Feasibility of Creating Basic Income Security

November 22, 2019

LD 1324 Overview

LD 1324, Resolve To Establish the Committee To Study the Feasibility of Creating Basic Income Security was introduced during the First Session of the 129th Legislature. This bill was heard by the Joint Standing Committee on Labor and Housing (LBHS Committee) on April 3, 2019, and at the April 5, 2019, work session a majority of members voted to pass an amended version of the bill. Resolve 2019, chapter 82 was finally passed on June 19, 2019.

Testimony Overview

During the public hearing on LD 1324 the LBHS Committee heard testimony from the following people (overview of testimony received summarized below):

Proponents: Senator Vitelli (Sponsor); Richard Cantz, Goodwill Industries; Larry Dansinger; Luisa S. Deprez, University of Southern Maine; Evelyn L. Forget, University of Manitoba; Natalie Foster, Economic Security Project; Adam Goode, AFL-CIO; Ron Hikel; Michael Howard, University of Maine; Stacey Jacobsohn, Time Initiative; Sass Linneken, Resources for Organizing and Social Change; Leslie Manning; Whitney Parrish, Maine Women’s Lobby; Roberta F. Record; Scott Santens; Lisa Savage; Katie Thiesen; Joby Thoyalil, Maine Equal Justice Partners; Cait Vaughan, Maine Family Planning; Carol Wishcamper; Almaz Zelleke; Heather Zimmerman, Preble Street; and Jon Olson, Maine Green Independent Party.

- We need to examine this issue to see if there is a better, more effective way to address poverty than current programs and policies.
- A basic income could provide the floor on which people can build economic security, adding employment or self-employment to meet their financial needs, rather than face the cliff that often awaits people when they try to get ahead by increasing their earnings and lose the benefits of our so-called safety net.
- Many conditional, means-tested benefits trap people in poverty because taking a job means losing their benefits.
- Many Maine people live on a constant economic edge that forces them to choose between paying rent, paying for heat, or paying for groceries for their family.
- The current system does not allow for gaining enough stability before public assistance and other supports are taken away.
- This study could perhaps lead us to a more successful approach to achieve a stronger Maine that allows everyone to achieve stability through work.
- A likely benefit from a program contemplated by the study is reduced theft and burglary and decreased dependency on hard drugs as a way to cope psychologically with extreme poverty.
- The current safety net programs have not changed the poverty rate so it is time to try something different.

- Giving people money in a manner contemplated by the study will lead people to use it to get more education, better their health, take care of family or relatives, start a business, fix up their house or do something to better themselves or their community.
- Safety net programs are undergoing the worst cut-backs this country has experienced.
- This bill aims to determine the best avenue(s) for Maine to protect its citizens by supporting a long-range strategy for reducing poverty and economic inequality.
- There is a wide variation in the state related to poverty, so averages and economic indicators are very deceiving (for example – the 2016 poverty rate in York County among children under 5 was 7%; In Aroostook County this rate is 37%).
- Maine has undergone a significant structural transformation as high paying manufacturing and construction jobs have been replaced with a variety of service jobs and the recession of 2008/2009 has resulted in permanent job losses in Maine.
- In addition, a lot of new jobs require higher order skills leading to a growing skills mismatch problem as unemployed workers are not able to supply the skill sets employers need.
- This bill gives Maine the opportunity to take a deep, careful, thoughtful and intelligent look into the complexity of the issues before us and to thoroughly investigate the range of options upon which to develop a long-range strategy that will help move people toward self-sufficiency and financial stability in a dignified and honorable manner.
- Basic income security through a direct cash payment system will benefit residents by improving their mental and physical health, encourage the accumulation of human capital and increase financial resilience without reducing work effort.
- Well-designed cash payment programs can be seen as a social investment that will yield returns in the form of reduced pressure on other social programs, including specifically healthcare, justice and educational systems.
- There is no standalone solution to poverty, so it will be important to study how existing and proposed program work together to address economic insecurity.
- There is a lot of evidence related to the efficacy of basic income security so the committee needs only to gather the existing evidence and determine its local applicability.
- The economy is increasingly dominated by workplaces that do not provide any guarantee that working people will have a job that provides both financial stability and security in the form of good health insurance and good pensions that can support a family.
- If moving forward, create a test that would function much like an actual program and examine closely and consistently what is done with the additional leisure time incited by basic income – specifically look for evidence of increased investment in education, care for children and the elderly, the acquisition of greater employment-relevant skills and community service.
- Test the feasibility of replacing existing state welfare programs with basic income as this can substantially reduce new costs.
- A growing problem Maine is facing is the threat of job loss from automation and the American labor market has already shifted away from full-time, secure, well paid jobs with benefits, to jobs that are part-time, temporary, lower paid, and without good benefits.
- Economic growth is slowing worldwide meaning growth cannot be counted on to generate enough full-time jobs for those who are willing and able to work.
- Slower growth contributes to rising inequality.

- There is an ecological limit to growth as the earth has finite limits to extraction of energy and material resources.
- Receiving a universal basic income does not disincentivize taking a job, like some current benefits, it gives workers more bargaining power, and lower paying jobs that are desirable for the skills and experience they impart become more affordable when supported by universal basic income.
- Women in Maine disproportionately live in poverty – and a universal basic income can help empower women by increasing their economic security.
- Poverty is expensive: for example, a 2018 study found that childhood poverty alone costs \$1.03 trillion/year.
- A universal basic income recognizes citizens as co-owners of natural and collective wealth.
- This bill is an early, proactive step toward creating a better system of income security for all people in Maine.

Opponents: None

Neither for nor Against: Daniel D'Alessandro, Maine Revenue Service

- Consider amending the bill to include a member appointed by the Governor from the Maine Revenue Service's Office of Tax Policy because the bill requires the review of current tax provisions and possibly the development of new ones.