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Maine Community Action Partnership Supports LD 1107: Resolve, to Establish a Pilot Project to Improve Access to Credit for Low-income Individuals

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Senator Tipping, Representative Roeder, members of the Committee on Labor and Housing, I am Megan Hannan, Executive Director of the Maine Community Action Partnership and we support LD 1107, a Resolve, to Establish a Pilot Project to Improve Access to Credit for Low-income Individuals.

Living on the edge of poverty, or even with a low-income, is a full time and difficult job. Individuals and families remain under resourced by design, our supposed safety nets come with so many holes and the system is designed to make it hard to pull your way out.

One such system is the credit score. I understand that banks and businesses need to know when they are lending money, they are making a good choice, I am not saying that having a credit score system itself is the problem. But it does leave out a large number of families, many of whom pay their bills on time, all the time, as difficult as that may be. For most of these families, their rent consumes the largest portion of their income, but it does not always have a positive effect on credit scores, while when rent isn't paid it will negatively affect those scores if a landlord acts.

A good credit score is hard to build and easy to damage. Adding more positives into the mix will help individuals and families to reach a better credit score, meaning the potential ability to move from renting their home to buying one, or even renting a larger unit or in a nicer area, which in turn can lead to other positive changes. Better school districts, better food choices, more access to green space and health care – all the things we know are key in determining long term health and wellness.

This is really a modest proposal that has the potential to show great promise. I hope we can add one more tool to the few we have to change lives for the better.

Thank you for your time and attention, I am happy to answer your questions if I can.

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