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In Support of

LD 97: An Act to Facilitate the Improvement of Credit Scores of Residents of Department of Corrections Facilities

Committee on Criminal Justice and Public Safety

January 27, 2025

Good Afternoon, Senator Beebe-Center, Representative Hasenfus, and distinguished members of the Committee on Criminal Justice and Public Safety,

My name is Tena Wallace, and I am the Vice President of Community Engagement at Midcoast Federal Credit Union. I have been working in financial services for 41 years, the majority of those in Knox County. Midcoast FCU has more than 16,000 members serving the US Route 1 corridor from Freeport to Rockland and represents \$260 million in assets. We respectfully submit the following testimony **in favor of LD 97**.

LD97 arose from a program Midcoast has been offering to provide credit builder loans to incarcerated individuals at Bolduc Correctional Facility. In 2019 Midcoast FCU was one of the sponsors of the Maine Lobster Festival. Our vendor booth was situated next to the Department of Labor (DOL) Maine Career Center booth. I learned from the DOL representative that residents at Bolduc Correctional Facility are eligible to participate in the work release program towards the end of their sentence, giving them an opportunity to leave the facility to work in the community. This gives residents the chance to earn money to pay for restitution, legal fees, and housing. It also helps them make important connections in the community and prepare for life after incarceration.

Unfortunately, many of these individuals struggle to access financial services because so few financial institutions offer accounts to this population.

At Midcoast FCU, we believe in second chances and the power of financial strength to help people rebuild their lives. Our liquid secured credit builder loan is designed to assist individuals to establish, improve or strengthen their credit score. Whether it's a young person establishing credit for the first time or someone rebuilding after bankruptcy, this program provides the support needed to rebuild their financial lives.

After speaking with the DOL representative, it became evident that Midcoast offers products and services that can significantly benefit the financial journeys of the resident's. Recognizing the need for such services, Midcoast Federal Credit Union decided to extend our credit builder loan program to the residents at the Bolduc facility who are enrolled in the work release program. This initiative provides secured loans, which are instrumental in establishing, building, and strengthening a resident's credit score.

We began working with the correctional facility, to offer these loans to residents who have guaranteed income, either through work release or through VA pensions or Social Security. These small dollar loans are up to \$500 and must be repaid within six months. The resident uses their own money from their commissary account, which they have already paid restitution on, as collateral for the loan of the same amount. Proceeds from the loan are then deposited to the individual's share account at Midcoast. Those funds are then used to repay the loan. Once the loan has been repaid, the original funds used to secure the loan are released. [Figure 1]

After implementation of the program, we were notified that due to the current statute, residents must have restitution (when applicable) deducted from the loan proceeds, so therefore we would need to forward the proceeds to the resident at the facility for processing, rather than depositing it in their account at Midcoast. Upon realizing this, we worked with the Department of Corrections to come up with the language in this bill which would

allow funds to be deposited directly to the share account in order for the loans to be repaid timely and without being subject to additional restitution.

For incarcerated individuals, this program represents a crucial step towards achieving financial independence and stability upon release. By helping to establish credit, it becomes easier for them to find housing, employment, or a car loan.

During one of my visits to provide financial education and services at Bolduc, a resident, who had been watching my interactions, thanked me personally. He said, "Thank you for seeing us, for being genuine, and for giving us a second chance." That moment reminded me why Midcoast is so committed to this work.

At Midcoast Federal Credit Union, we are proud to take the lead in serving those who are often underserved. Our credit union is committed to "Cultivating a thriving Community together." We believe everyone deserves a chance to rebuild and succeed. Helping people grow stronger financially isn't just good for them—it's good for the whole community.

LD 97 is a straightforward way to support our community by making these credit builder loans more accessible to this population. Thank you for the opportunity to testify today. We urge the committee to vote Ought to Pass on LD 97.

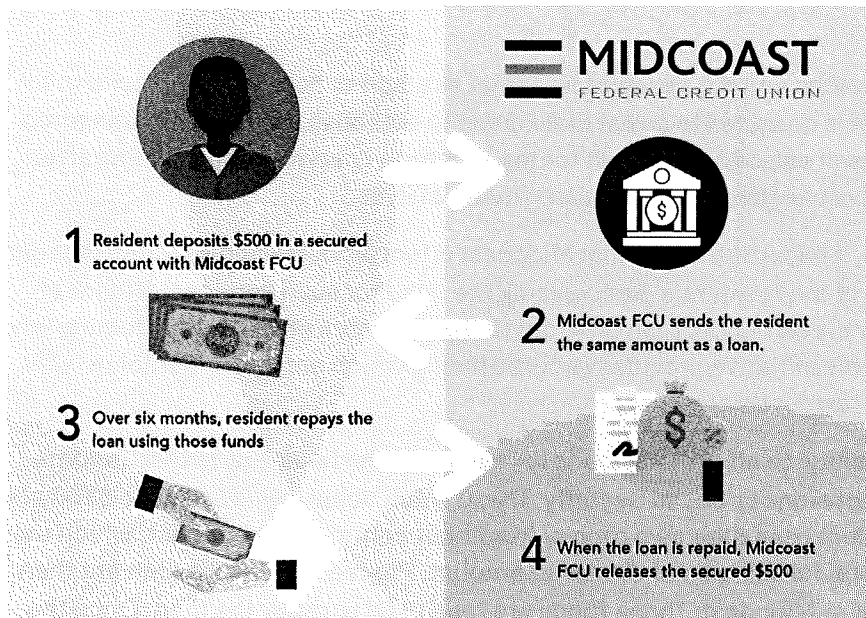


Figure 1