



Maine Equal Justice
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**Testimony of Ann Danforth, Maine Equal Justice, in support of
LD 1005 “Resolve, Establishing the Commission to Study Strategies to Assist Working-class Families in
Building Wealth and Achieving Upward Mobility”
April 13, 2021**

Good morning Senator Curry, Representative Roberts, and members of the Committee on Innovation, Development, Economic Advancement and Business. My name is Ann Danforth and I am a Policy Advocate at Maine Equal Justice. We are a civil legal services organization and we work with and for people with low income seeking solutions to poverty through policy, education and legal representation. Thank you for the opportunity to submit testimony in support of LD 1005.

What LD 1005 Does

LD 1005 establishes the Commission to Study Strategies to Assist Working-class Families in Building Wealth and Achieving Upward Mobility, which would examine and make recommendations about the feasibility of providing every child at birth a publicly funded bond to assist working-class families and to reduce racial and geographic wealth disparities in the State.

Why Maine Equal Justice Supports LD 1005

COVID-19 has made it all too clear that our economy and governmental systems are failing many low-income Mainers, particularly those from Black, Indigenous, and communities of color. Even before the pandemic, Mainers were struggling to meet their most basic needs. While 10.9% of Mainers – or just over 1 in 10 – experienced poverty in 2019, according to the Census Bureau, this picture is now much more dire.¹ According to the most recent Census Household Pulse data, 30% of Mainers report difficulty covering usual household expenses.²

As we look to rebuild our economy, we should look at ways to create a more equitable future for the children and families in our state. To this end, Maine Equal Justice has been working with people directly impacted by poverty, as well as advocates and other stakeholders, to begin to build a shared vision for achieving economic security for everyone in the state. The group coalesced around the need for income supports in the form of cash that do not come with restrictions on how they can be spent or

¹ <https://data.census.gov/cedsci/table?q=maine%20poverty&tid=ACSST1Y2019.S1701&hidePreview=true>

² <https://www.cbpp.org/research/poverty-and-inequality/tracking-the-covid-19-recessions-effects-on-food-housing-and>

requirements about what people need to do to receive them. The group also agreed that in order for an income solution to be effective, it needs to target racial and economic inequities, including the “wealth gap,” that gets at disparities in assets and net worth.

Due to historical and contemporary structural inequities and discrimination, children from Black, Indigenous, and Communities of Color in Maine continue to face poverty at disparate rates compared to white children (In 2019, 46% of Black or African American children were living in poverty in Maine, compared to 14% of white children).³ Children living in more rural areas, as well as children living in single parent homes are also more likely to live in poverty. The negative effects of poverty on children are well documented. Children who grow up in poverty are less likely to succeed in school, less likely to graduate high school, and more likely to be out of the workforce as adults. The experience of childhood poverty has profound long-term effects on health, earnings, and even mortality.

It is also well documented that individuals who grow up in poor families are much more likely to be poor in early adulthood, and that the chances of being poor in early adulthood increase sharply as the time spent living in poverty during childhood increases.⁴ This cycle of intergenerational poverty, coupled with policies and a tax code that hinder the ability of people of color to build wealth, have led to stark racial wealth disparities nationally and in our state.

According to a 2019 analysis⁵, due to structural and historical privileges such as greater wealth and fewer barriers to higher education, white Mainers are only half as likely as Mainers of color to experience poverty or unemployment. Among those Mainers who are employed, white men and women continue to be paid more than men and women of color. Lower wages and a greater likelihood of poverty and unemployment make it harder for Mainers of color to grow wealth or to become entrepreneurs — as evidenced by the lower rates of home and business ownership compared to whites.

Providing every child at birth a publicly funded bond would help begin to level the playing field for Maine families, making sure every person has access to economic security and opportunity. Recent studies by Columbia University⁶ and Morningstar⁷ have found that a program like “baby bonds” would substantially close the racial wealth gap in America. The value of providing families with financial support as a way to improve child well-being and promote equity was aptly recognized by the federal government with the recent passage of the American Rescue Plan, which expands the child tax credit for

³ <https://datacenter.kidscount.org/data/tables/9738-children-in-poverty-by-race-and-ethnicity-5-yr-acs?loc=21&loct=2#detailed/2/any/false/1729,37,871,870,573,869/10,11,9,12,1,13,185/19003>

⁴ <https://www.nccp.org/publication/childhood-and-intergenerational-poverty/>

⁵ <https://www.mecep.org/wp-content/uploads/2019/06/MECEP-racial-inequality-fact-sheet-FINAL.pdf>

⁶ [https://urldefense.proofpoint.com/v2/url?u=https-](https://urldefense.proofpoint.com/v2/url?u=https-3A__static1.squarespace.com_static_5743308460b5e922a25a6dc7_t_5c4339f67ba7fc4a9add58f9_1547909624486_Z&d=DwMFAG&c=L93KkjKsAC98uTvC4KvQDdTDRzAeWDDRMG6S3YXIIH0&r=Yw6P7Lse0NbnJE0cowTkpxeQeHdvtiqualDOZJMb4g&m=ic3-pla8xRiZ-jZ-B6E-5SqYkaA2T1uvGHArIUx9TP0&s=DZgSpLHWKkqC_9RLsq2966qVixfySIL0cnLBUU9nojw&e=)

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⁷ [https://urldefense.proofpoint.com/v2/url?u=https-](https://urldefense.proofpoint.com/v2/url?u=https-3A__www.morningstar.com_content_dam_marketing_shared_pdfs_Research_wp-5FPolicy-5FBaby-5FBonds-5Ffinal.pdf-3Futm&d=DwMFAG&c=L93KkjKsAC98uTvC4KvQDdTDRzAeWDDRMG6S3YXIIH0&r=Yw6P7Lse0NbnJE0cowTkpxeQeHdvtiqualDOZJMb4g&m=ic3-pla8xRiZ-jZ-B6E-5SqYkaA2T1uvGHArIUx9TP0&s=Zy4075N3xAjic463LX1Xbyrm4xYX4JuzoHvtwThQSRo&e=)

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families with low income. These changes, however, are temporary, and we must explore opportunities to sustain and build upon these improvements.

Conclusion

This bill would enable us to look more closely at a promising approach to lifting people out of poverty and shrinking income and wealth inequality. While we need systemic change in many areas to move toward a more equitable Maine, helping build wealth, particularly among those who have been historically disadvantaged, is a key part of the change that is needed, and is long overdue.

Thank you for the opportunity to provide testimony in support of this bill.