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Testimony of Representative Morgan Rielly presenting

LD 1005, “Resolve, Establishing the Commission To Study Strategies To Assist Working-class Families in Building Wealth and Achieving Upward Mobility”

Before the Joint Standing Committee on Innovation, Development, Economic Advancement and Business

Good morning Senator Curry, Representative Roberts, and distinguished members of the Joint Standing Committee on Innovation, Development, Economic Advancement and Business. I am Morgan Rielly, and I represent House District 34, which includes part of Westbrook. I am here today to present **LD 1005, Resolve, Establishing the Commission To Study Strategies To Assist Working-class Families in Building Wealth and Achieving Upward Mobility.**

The COVID-19 pandemic has hurt working-class families here in Maine and has further widened the geographic and racial wealth gaps in the state. We have the opportunity to bolster the economic security of working class Mainers, and we should do it. The ideas in this legislation have the ability to significantly help individuals as well as our entire state.

U.S. savings bond programs were first initiated in 1935 as a means for families to build their nest eggs and eventually as a way to help finance World War II. Today, savings bonds are still popular among those who are interested in making small investments for their future financial security.

A baby bonds program will help Maine workers in addition to Maine businesses. American Roots, a factory I worked for in my hometown, is a union shop that makes clothing including the only 100% American and union-made t-shirt. The owners, Ben and Whitney Waxman, do everything they can to support their workers, from providing a \$15 minimum wage, union benefits, support for New Mainers navigating the immigration system, and more. A baby bonds program will help these Maine businesses who support and want to do more for their workers.

Especially businesses that are trying to revitalize and bring back good paying manufacturing jobs in Maine.

LD 1005 creates a commission to study and present strategies that will help working-class families establish financial success to build wealth. The proposed commission would make recommendations on the feasibility of providing every child at birth a publicly-funded bond to assist working-class families and reduce racial and geographic wealth disparities across our state.

According to 2018 U.S. Census Bureau data, approximately 70,000 Mainers, or 5.3% of our population live in deep poverty, meaning that they bring home an income that is less than 50 percent of the federal poverty level (set at \$25,100 for a family of four in 2018). Additionally, an estimated 35,000 children in Maine live in poverty. Alarmingly, according to Maine Equal Justice, children under the age of six are the most likely age cohort in Maine to be poor, with one in six living below the poverty line.

Both race and geography play a big role in one's ability to build wealth. According to Maine Equal Justice, while approximately 15% of white children lived in poverty in 2017, 40% of children from Maine's tribes and over 53% Black or African American children lived in poverty. Additionally, rural areas suffer the largest rates of child poverty in Maine. In 2017, 27% of children in Washington County faced poverty and 22% of children in Somerset County faced poverty. Across Maine, female-headed, single-parent households are almost three times more likely to live in poverty than all households with children.

This effort has been championed by many on a national-level, and has proven to be an effective means of leveling the financial playing field for working-class families. The COVID-19 pandemic has increased financial stress for our communities, and it is time we examine solutions that provide stability and contribute to the economic growth of our state. I hope that a baby bonds program in Maine will let families across the state from Westbrook to Millinocket sleep better at night knowing that their children will have an opportunity at entering the middle class.

Thank you very much for your time and consideration. I would be happy to answer any questions or to provide you with any information for your upcoming work session.