



HOUSE OF REPRESENTATIVES

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Testimony of Assistant House Majority Leader Rachel Talbot Ross supporting

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

Senator Curry, Representative Roberts, and esteemed members of the Joint Standing Committee on Innovation, Development, Economic Advancement and Business, I am Rachel Talbot Ross. I represent House District 40, which comprises the Portland neighborhoods of Parkside, Bayside, East Bayside, Oakdale, and the University of Southern Maine, and serve as the assistant House majority leader. Thank you for the opportunity to submit this testimony in support of LD 1005.

LD 1005 will give us the opportunity to study new ways to address the wealth gap in Maine. This commission would study the feasibility and cost of “Baby Bonds,” which are, in effect, seed capital for newborns in Maine. Each child would receive an investment from the state to be held in trust and paid out at a future date for higher education, starting a business, home purchase or other economic activities. This program could potentially supplement or replace existing anti-poverty measures in the state.

This idea goes back as far as Thomas Paine in 1797¹, and modern research shows that interest-bearing bond programs could potentially halve the racial wealth gap². As we look for effective tools to fight systemic poverty in Maine, this program could potentially be game-changing and deserves our full consideration. The cost to the state versus the long-term savings in poverty reduction programs and future economic activity makes this an area well worth our consideration.

LD 1005 will allow us to fully study the potential of this program for our state and generate recommendations for the Legislature in the future. We know that addressing the racial and

¹https://www.washingtonpost.com/politics/cory-booker-wants-a-baby-bond-for-every-us-child-would-it-work/2019/08/15/35003f16-b88b-11e9-bad6-609f75bfd97f_story.html

²<https://www.morningstar.com/articles/1003066/can-baby-bonds-shrink-the-racial-wealth-gap>

economic disparities in our state will benefit all Mainers³, and I support LD 1005 as a potential avenue for reducing economic inequality.

Thank you for your consideration of this measure. I would be happy to answer any questions or to help in any way to move this bill forward.

³ <https://www.mecep.org/wp-content/uploads/2020/11/State-of-Working-Maine-2020.pdf>