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Appropriations Committee

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Public Safety and Administration

Oversight Committee on Pensions



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THE MARYLAND HOUSE OF DELEGATES
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**Economic Development - Maryland Financial Empowerment Center Network
Pilot Program - Establishment (HB 815)**

Testimony of Delegate Ryan Spiegel – Favorable

Chairs Barnes and Atterbeary, Vice Chairs Chang and Wilkins, and Members of both Committees:

House Bill 815 establishes a pilot program to operate a network of Financial Empowerment Centers across the state.

You have heard a few bills this session on financial literacy, but while others importantly focus on providing financial education in the academic environment at K-12 schools or for university students, HB 815 is designed to provide financial empowerment services primarily to adults out in the community who may not have had the background or education to deal with issues of debt, credit, and personal budgeting.

The diversity of our state is a great strength, and I am proud to represent the most diverse city in America. But in our extremely diverse state, we have a substantial population of what we call unbanked or underbanked adult residents – many of whom are immigrants and many of whom live and work in socioeconomically disadvantaged communities where access to and education about financial services have historically been denied. There are a variety of reasons why residents may not understand or may not trust our traditional financial institutions and programs.

As a result, many individuals who are already struggling are turning to predatory check-cashing services or keeping their funds in cash stored at home, risking theft and destruction of their hard-earned money and losing out on benefits ranging from earned interest to FDIC insurance to credit score history.

During my time on the Gaithersburg City Council, I led the effort to invest in local financial education programs. It started about 15 years ago with Bank On Gaithersburg, a city-run program convening local banks, credit unions, nonprofits, and faith communities to offer and promote starter savings and checking accounts to those who might not have qualified for other traditional banking products, along with education and outreach programs in multiple languages to help residents make the most of financial services. As the initiative grew, we added Volunteer Income Tax Assistance (VITA) programs for income-eligible residents and, critically, helped them apply for the Earned Income Tax Credit (EITC), a highly effective albeit underutilized poverty-fighting tool.

Working together with great partners like the CASH Campaign of Maryland, CAFE Montgomery, Family Services Inc., and others, all of this eventually grew into what is now the Gaithersburg Financial Empowerment Center (FEC), which provides people with several sessions of free, hands-on, one-on-one financial coaching in multiple languages. Funded in part by city grants and in part by some national foundation grant money, the Center also measures its own effectiveness by collecting and analyzing anonymized data from clients. And with that data-driven approach to the provision of comprehensive financial empowerment programs and services, we have seen the truly transformative impacts of these services for families. Testimony from Gaithersburg FEC representatives has been submitted detailing these impacts, showing that in just the first year or two, one local center has helped clients accomplish hundreds of thousands of dollars in debt reduction or elimination, as well as hundreds of thousands of new dollars saved by establishing savings accounts and budget plans. Other striking metrics include the number of points that credit scores were increased, and the number of goals, both large and small, that clients have achieved – whether it's saving for a down payment on a first home, or being able to send a child to college, or eliminating a crippling debt.

This isn't theoretical. These are real, measurable, life-changing metrics. And that's just for one center, in just one city, for just one year.

These programs are proven to offer a tremendous return on investment (ROI), from steering folks away from predatory check cashing services and payday lenders that often take a usurious cut of a customer's hard-earned income, to helping them improve credit scores, establish FDIC-insured savings and checking accounts that earn interest, learn about and apply for the EITC, reduce hundreds of thousands of dollars of debt, build family budgets, and get access to high-quality loans to purchase a first home or start a small business or send a child to community college. There are also ripple effects on our state and local economies as families have more funds to spend in the community, and the promise of positive impacts on the budget pressures of our social safety net as more people start to attain more financial stability and independence. But beyond the policy discussion, there are life-changing impacts for individual families.

HB 815 is a relatively modest first step to expanding access to these services, by having a pilot program of financial coaches available in a handful of locations around the state. Under the bill, the pilot is set to begin in FY 2026 and run two years, minimizing any fiscal impact for FY 2025.

The original bill was drafted to locate the program within the Department of Commerce, but after consultation with the agencies, we have submitted an amendment to move the program to the Comptroller's Office. The Comptroller has expressed enthusiasm for the bill and is working to provide more services to Marylanders focused on financial literacy, so the Comptroller's Office seems a natural fit for this pilot program, especially given its existing eleven regional offices around the state.

In terms of addressing larger social and budgetary impacts, direct aid to those in need is obviously important and aligns with our values as a compassionate State. But as a matter of equity, it is also critical to provide the tools and educational resources that can help address the root causes of poverty. If we want to have a more permanent impact, and make more progress in addressing the generational wealth gap and systemic barriers to access and opportunity, we should also be investing in programs like these to give Marylanders the support to build financial stability for a lifetime, and then pass on those benefits and lessons to future generations.

And so, given the nature of these programs, the potentially huge return on investment, and the transformative impacts on people's quality of life and future economic opportunities, as well as the long-term benefit to the State, I ask for a favorable report on HB 815. Thank you.