

Testimony IN FAVOR of House Bill 815 - Economic Development – Maryland Financial Empowerment Center Network Pilot Program – Establishment

March 6, 2024

Submitted by: Lesley MacDonald, Project Manager, Financial Empowerment

On behalf of: City of Gaithersburg, Financial Empowerment Center

31 South Summit Ave, Gaithersburg MD 20877

I am Lesley MacDonald, Project Manager for the Financial Empowerment Center in the City of Gaithersburg. I am pleased to testify **in favor of House Bill 815**, calling for a pilot program to establish a network of Financial Empowerment Centers in Maryland.

The City of Gaithersburg established a Financial Empowerment Center in March of 2022. We are implementing a successful national model supported by Cities for Financial Empowerment. We are one of more than 35 cities across the US to adopt this model, which calls for free, professional financial counseling offered as a public service of a municipality in partnership with Housing Initiative Partnership, a local nonprofit.

The Gaithersburg Financial Empowerment Center (FEC) is open to all city residents over the age of 18. Clients work with professional Financial Counselors to achieve their financial goals, including paying down debt, improving credit scores, adopting savings behaviors and connecting to safe, low-cost banking products. The FEC is embedded in a network of partners, including the library, financial institutions, City departments and nonprofit providers. FEC clients needing other benefits or services are referred to partners.

There is a great need for financial counseling in Maryland. The high cost of living, easy access to high interest credit cards, and predatory lending impact low- and moderate-income residents. The average student loan debt for Maryland residents is \$32,165. People fall into debt for many reasons, including divorce, a health emergency, unexpected car repair, lack of savings to meet an emergency. 20% of Maryland households can be considered asset poor, which is defined as insufficient income to meet basic bills for a three-month period. In asset poverty, a family can't save for the future and risks falling into debt in a crisis.

Some of the people we've served at the Gaithersburg FEC include:

- A divorced father of two whose credit card debt is almost equal to his income.
- A government employee who learned that her job was in danger due to a downgraded security clearance due to her debt.
- A young couple whose credit card debt was threatened the stability of their marriage.
- People in recovery from substance use, who need to rebuild their financial lives.
- New immigrants, who need help navigating US financial systems.

In two years, the Gaithersburg FEC has served 477 residents, who together have saved over \$330,000 for the future and paid down \$880,000 in consumer debt. By helping clients manage their financial issues, the FEC puts people on a path to financial security and prosperity.

I encourage you to lend your support to HB 815 to expand and support the network of financial counseling services across the state of Maryland.