

February 23, 2026

Senator Guy Guzzone  
Chair, Budget and Taxation Committee  
Maryland Senate  
3 West Miller Senate Office Building  
Annapolis, MD 21401

**Re: Support for SB 518 – Maryland Financial Empowerment Center Pilot**

Dear Chair Guzzone and Members of the Committee:

Protect Borrowers writes in support of SB 518, which would establish the Maryland Financial Empowerment Center Network Pilot Program within the Office of the Comptroller. At a time when families across Maryland are navigating rising costs, mounting household debt, and increasing financial instability, SB 518 represents a smart, evidence-based investment in residents' long-term financial health. By creating a statewide pilot that delivers free, professional, one-on-one financial counseling, Maryland can help bolster financial stability, improve economic mobility, and strengthen financial resilience in communities across the state.

**About Protect Borrowers**

Protect Borrowers (formerly Student Borrower Protection Center) is a team of experts, lawyers, and advocates fighting to build an economy where debt doesn't limit opportunity. We investigate financial abuses, take predatory companies to court, and push for policies to protect working people from debt traps. We aim to deliver immediate relief to families while building power and driving systemic change.

**Maryland families must navigate a growing affordability and debt crisis**

In Maryland and across the country, American households are confronting a growing affordability crisis, driven by historic debt burdens paired with the high costs of housing, healthcare, childcare, utilities, and other everyday necessities. Student loan debt is a major contributor to this crisis, and student loan delinquencies and defaults are at record high levels—with one borrower defaulting every nine seconds since the beginning of 2025.<sup>1</sup> In Maryland, 162,043 student loan borrowers were in default at the end of 2025, and many more borrowers are severely delinquent and heading towards default. Delinquency and default trigger severe consequences, including damaged credit scores, wage garnishment, and seizure of tax refunds.

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<sup>1</sup> Protect Borrowers, [2025 Student Loan Default Crisis: State By State](#), January 2026.

At the same time, household debt pressures are becoming more complex. American families increasingly depend on a patchwork of financial products—including credit cards, bank overdraft, payday loans, and “buy now, pay later” products—to manage even everyday expenses like groceries, utility bills, and rent, trapping families in high-cost debt. For example, 13.7% of credit card users in Maryland are severely delinquent on their credit card debt, rising to nearly one in four (22.4%) of low- and moderate-income credit card users.<sup>2</sup> Rising household debt paired with soaring costs of living result in a lack of savings, damaged credit scores that make it more expensive to borrow, and an inability to weather an economic emergency.

### **One-on-one financial counseling fills a critical consumer assistance gap**

SB 518 is a practical response to a simple reality: when household finances are precarious, residents need individualized, trustworthy support—not just generic information. The Financial Empowerment Center (FEC) model is built around professional, one-on-one financial counseling offered as a free public service, designed to help people address immediate challenges and plan for the future.

This model is particularly important right now because consumers in Maryland and around the country have fewer options for assistance. Federal agencies that traditionally provide oversight, complaint-handling, and consumer-facing assistance have faced significant disruption and uncertainty, including high-profile threats to staffing and operating capacity at the Consumer Financial Protection Bureau (CFPB) and Department of Education. SB 518 helps bridge this gap by ensuring Maryland residents can access trained counselors who can help them navigate budgeting, debt repayment strategies, credit improvement, and safe banking access—the very pillars SB 518 names.

### **Financial Empowerment Centers offer a proven model and a foundation for innovation and partnership**

The evidence base for the FEC model is strong and practical: programs operating across the country report measurable improvements in debt reduction and savings, supported by consistent training standards and data-driven oversight. Public FEC resources describe an approach that uses professionally trained counselors, rigorous training standards and ethical rules, and structured data collection to measure outcomes and improve quality.<sup>3</sup>

SB 518 appropriately emphasizes quality and accountability. It requires each Center to provide free, one-on-one counseling and coaching; ensures services include core financial capability areas such as saving, paying down debt, safe and affordable banking access, and improving credit; and requires counselor training that meets or exceeds established FEC counselor training

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<sup>2</sup> Federal Reserve Bank of Philadelphia, [Consumer Credit Explorer](#), 2025 Q1.

<sup>3</sup> Cities for Financial Empowerment Fund, [An Evaluation of Financial Empowerment Centers](#), 2017.

standards. It also takes a practical pilot approach by directing the Governor to include funding in the annual budget for fiscal years 2028 and 2029 and setting a defined pilot period.

State support for a network of Financial Empowerment Centers also creates a foundation for innovation in asset building and financial wellbeing. Local Financial Empowerment offices and centers, working with state and nonprofit partners, have provided the genesis for successfully replicated programs like Bank On Maryland, Child Savings Accounts for postsecondary access and success, consumer protection initiatives, and guaranteed income projects. Establishing and supporting an FEC network also builds the connective tissue for partnerships with organizations like Protect Borrowers, who can more easily engage local communities through education and technical assistance.

Lastly, setting up the Financial Empowerment Center Network enables the state to better engage with and understand the financial situations and experiences of residents from across Maryland. Through reports, surveys, client stories, and direct engagement with counselors, the Office of the Comptroller and members of the General Assembly will gain important qualitative and quantitative evidence that can drive person-centered policies to better people's lives.

### **Conclusion**

SB 518 is a timely, evidence-based step to strengthen Maryland residents' financial stability and economic mobility—especially for families carrying student loan debt and other burdens in an unforgiving cost-of-living environment. Protect Borrowers respectfully urges a favorable report on SB 518.

Sincerely,

Protect Borrowers

*Please contact Jacob DuMez, Fellow with Protect Borrowers, at [jacob@protectborrowers.org](mailto:jacob@protectborrowers.org), if you have any questions or would like to discuss this comment further.*