



Testimony to the Joint Standing Committee on Appropriations and Financial Affairs

In support of

LD 1733, An Act To Provide Allocations for the Distribution of State Fiscal Recovery Funds

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Senator Breen, Representative, and Distinguished Members of the Joint Standing Committee on Appropriations and Financial Affairs:

My name is Amy Winston and I live in Edgcomb. I am the Director of State Policy at Coastal Enterprises, Inc (CEI). CEI supports LD 1733, "An Act To Provide Allocations for the Distribution of State Fiscal Recovery Funds."

CEI is a Community Development Finance Institution (CDFI) with a 43-year history of promoting good jobs, environmentally sustainable enterprises, and shared prosperity in Maine. CEI integrates financing, business and industry expertise, and policy solutions to build an economy that benefits all people. In FY 2020, CEI advised 2,957 businesses and individuals and provided \$38.5 in new loans, microloans, equity and tax credit financing to 78 Maine businesses.

The past year's pandemic and economic crisis has challenged Maine workers, families, and communities. We now have the awesome challenge of rebuilding our economy in ways that enable all Mainers to achieve their potential. LD1733 and the federal funds that it will steward will make critical and strategic investment in our small business sector, our workforce, and our communities. If we leverage these resources pragmatically and creatively Maine will yield positive results for years to come.

I would like to highlight key priorities that we believe will be critical to achieve that multiplier effect: capital (loans, loan guarantees, equity and near-equity) and business development assistance for entrepreneurs and the small businesses that employ more than half of all Mainers; investments that cultivate innovation – in our natural resources-based and next generation industries; investment in childcare, broadband access and renewable energy as key 21st century infrastructure; and investing in skills training and workforce strategies that create and sustain good quality jobs. Finally, Maine will only prosper if all Mainers prosper. Engaging Maine's community development financial institutions - which serve as capillaries that reach our most underserved entrepreneurs and remote communities with capital and business advice - in the design and the delivery of these resources will be important to achieve this success.

The Maine Jobs and Recovery Plan proposed in LD 1733 implements the objectives of the State's 10-year Economic Plan and recommendations of the Governor's Economic Recovery Committee. The proposed budget connects the high-level objectives in these documents with line-item strategies for immediate

recovery and stabilization, long-term economic growth, and infrastructure revitalization to support public health and the health of small businesses and industries affected by the coronavirus pandemic, as well as employers' workforce needs and the needs of families to participate in the workforce productively and sustainably. These strategies surfaced through the participation and input of Maine individuals, businesses, and institutions both during the economic development planning and Economic Recovery Committee process. They take advantage of the influx of federal funds to meet and anticipate our state's current and future infrastructure (including workforce) needs, advance existing objectives, and anticipate future challenges and opportunities by positioning our key industries for innovation and growth. CEI participated in and supports implementation of the action items which resulted from these initiatives. CEI's President, Keith Bisson, served on the economic development plan steering committee and childcare infrastructure subcommittee. CEO Betsy Biemann was a member of the Governor's ERC and chair of the Innovation and Entrepreneurship subcommittee.

In accordance with the bill's framework, DAFS proposes to use federal American Rescue Plan Act (ARPA) state fiscal recovery funds effectively and responsibly, in the form of grants, loans and loan guarantees to small businesses and affected industries, support for new businesses and more diverse entrepreneurs; investment in heritage industry innovation and infrastructure; affordable health care; and reserve funds for unemployment insurance.

PART A, Sec. A-2 appropriates \$20 million to DECD and \$34 million to FAME to provide critical support to stabilize and strengthen Maine small businesses with grants, loans and loan guarantees for employers recovering from COVID's economic impacts, for businesses having difficulty securing investment capital due to the pandemic, and for rural development projects through the Maine Rural Development Authority. Importantly, there is specific support for organizations embracing alternative and emerging business and financing models. We respectfully suggest expanding current collaboration with the state's economic development community partners, including CDFIs, to ensure the widest geographic and demographic reach of these funds. As has been demonstrated by the distribution of last year's CARES Act funds, public-private partnerships are efficient ways to leverage additional investment and to reach less visible and more vulnerable communities.

PART B, Sec. B-1 proposes investment in the farming, fishing, and forestry industries for recovery purposes and to help develop value-added products as well as market opportunities to sustain these important sectors and the good jobs they provide. Currently, there are bills before the legislature, including one before this committee, similarly proposing needed support for processing infrastructure, patient capital, and technical assistance specifically for value-added food related businesses purchasing from Maine family farms:

- LD 1475, An Act To Authorize a General Fund Bond Issue for Targeted Food Processing Infrastructure
- LD 1565, An Act To Strengthen Maine's Agriculture, Food and Forest Economy

These bills have been proposed in tandem to establish a statewide food system investment fund and attendant technical assistance program. The Maine Jobs and Recovery Plan proposed in this bill integrates with these preexisting initiatives that have already been considered by this and the Agriculture, Conservation and Forestry (ACF) legislative committee. *Funding from this committee for LD*

1475 can capitalize the fund established by LD 1565. Additional funds and personnel from DACF can dovetail with and support overseeing a competitive contract for management of this fund, delivery of technical assistance to businesses through an investment approach, and an industry led initiative to roadmap investment priorities and systematically fill gaps. Importantly, LD 1565 promotes equity and diversity in farm ownership and food entrepreneurship. Additional program funds are available from USDA to support food system development, as well. Maine has an opportunity to make significant progress increasing our food exports, replacing food imports, and growing a robust and resilient regional food system.

PART E provides important financial and technical support to new businesses and entrepreneurs and specifically prioritizes those who were not eligible for CARES Act or other pandemic related funding. Our business advisors and lenders see a real need for state collaboration here, with the goal of sustaining new businesses and encouraging business diversity in Maine. This could include entrepreneurship training and procurement policies that are tailored to underrepresented populations to assure access to culturally competent technical assistance to assure these individuals and entities are ready and able to access capital to jumpstart their businesses and reach viability.

PART G, Sec. G-1., supports long-term economic growth by providing needed spending on research and development, investment in innovation and public-private partnerships such as those mentioned above, to generate new economic activity in Maine. Research and development (R&D) are a key driver of innovation, economic growth, and the creation and retention of good jobs and Maine's R&D level has ranked among the lowest in the nation. The State's 10-Year Economic Development Strategy has identified certain sectors – such as food systems, forest products, and marine resources – that align Maine's strengths with global market opportunities. As mentioned in the bill language, the Economic Recovery Committee urged innovation investment via public-private partnerships that could recruit companies to Maine in sectors that can improve the economies in rural counties. The funding proposed in this section will be awarded to organizations through a competitive process. They must be matched by recipients and used to support and leverage private investments in research, development, and innovation in Maine's technology sectors. These funds will help businesses to increase revenues, create and preserve well-paying jobs, and grow market share.

Along with workforce recruitment, attraction, retention, training, and education strategies (proposed in Secs. K-O), the Clean Energy Partnerships (proposed in Sec. I) will build, strengthen, and expand Maine's clean energy workforce, support credential attainment, and connect workers to job training and opportunities. This will increase equity and diversity in the labor force. Clean energy jobs are growing faster than any other segment of the energy sector; median wages are higher, and clean energy jobs are more likely to offer health and retirement benefits. By growing our clean energy economy supply chain, we will spur innovation, workforce development, and economic development while also meeting our climate goals.

PART R, Sec. R-1 builds and revitalizes infrastructure, such as broadband, housing, and childcare to ensure people in Maine live a decent, healthy, and productive life. These foundational systems support families and communities and are key to an inclusive prosperity. CEI strongly supports the use of public dollars and leveraging private funding to ensure long-term benefits for Maine. CEI understands the

importance of affordable and workforce housing due to our historical direct investments in this space. We are also a member of the Maine Broadband Coalition, which promotes universal access to affordable high-speed broadband in the state. Childcare is another priority that aligns CEI's work with the Maine state economic plan and Economic Recovery Committee's recommendations. Since 1988, CEI has invested \$12,131,487 to 171 center-based and family child-care enterprises. We also made a New Markets Tax Credit investment of over \$12 million in [Educare Central Maine](#) in Waterville. A multifaceted issue, quality childcare that is affordable can be a contradiction. Direct intervention and reframing of early childhood education as essential public infrastructure, in Maine's 10-year Economic Development Strategy and the new Maine Jobs and Recovery Act, has been needed to reconcile conflict between the key dimensions of affordability, quality, and availability, to begin to align supply with demand.

Our Child Care Business Lab, which supports Mainers starting childcare programs and centers, seeks to do this by developing equitable solutions that right the market. The Child Care Business Lab is an intensive, cohort-based leadership and learning program that combines small business start-up education, guidance in how to deliver high quality child care, advice on hiring, and coaching through the licensing process. Currently, CEI's Child Care Business Lab is working with diverse entrepreneurs to increase the number of child-care businesses and corresponding enrollment in Maine, particularly in rural areas where access to care issues are especially acute. We support the proposal for \$10 million in funding for ECE infrastructure and *recommend that the Committee fund LDs 1652 and LD 1712*, to develop a professional workforce to deliver quality community-based care.

PART W, facilitates energy needs with funding to support electricity grid upgrades that will support economic recovery for new, struggling or growing businesses in Maine, with a focus on rural economic development projects, including areas that have been hardest hit by COVID-19 economic impacts and enabling heritage industry projects in the food processing, forestry, and other manufacturing projects. The grants will be managed in coordination with the Governor's Energy Office, seeking to leverage private capital and federal economic development funding opportunities.

Thank you for considering our testimony on the effective use of the state fiscal recovery plan proposed in LD 1733. We urge the committee to pass this bill.