

House Committee on Appropriations
Friday, February 21, 2014 - In Room 11
1:00 PM Governor's Proposed FY 2015 State Budget
Advocate Public Hearing

Thank you for this opportunity.

Mike Patch is the 2013 Microenterprise winner from the Vermont Small Business Administration: He is a CVOEO participant in the Financial Futures Program and said, "The Micro Business Program was essential in getting my business started. I also took the Growing Money financial class, which really helped me to get my personal finances in order. My credit score has improved too. Since I started, I have tripled my sales... I was able to pay my small business loan off early to Community Capital of Vermont. I recently hired a couple of employees for the first time." Mike has created a green cleaning business.

Is anyone better off?

Due to the work of asset development work: which includes Growing Money, Micro-business and Individual Development Accounts,

- 93% of those going through the program have adopted new positive spending habits
- 53% of our participants have increased their rate of savings

How much did we do?

These figures reflect the work of CVOEO, one of the five Community Action Programs in the state of Vermont.
650 participants in the Growing Money Program

21 new business starts (it takes only \$3,500 to work with a participant to start a new business) (56 statewide)

18 business expansions (34 statewide)

24 business enhancements

54 new jobs created (67.5 statewide)

34 participants enrolled and saving for Individual Development Accounts

Of the 735 state-wide participants in the Micro-business Program 418 were 3Square participants

How did we address it? Through

- Increased credit scores
- Pay down debt
- Manage spending by tracking expenses and budgeting
- Business creation
- Growing assets
- Stop using predatory lenders
- Use banking institutions more effectively

Who uses these services?

- A continuum of Vermonters who are currently homeless through Vermonters who have moderate income (80% of HUD median income or \$47,900)

It is necessary to balance short term crisis solutions with long term life changing permanent change. We balance crisis fuel assistance with long term low-income Weatherization for energy and financial savings. The investment in asset development, Micro-Business and IDAs is the long term solution to initial stability of rental assistant or security deposits.

It has been the will of the legislature to fully fund the IDAs and Microbusiness programs; however, we have been losing ground. Funding Asset Development is a worthwhile business investment in the financial growth of Vermonters with low incomes which has an astounding return on investment. There is support for this work through work with Reach-Up participants, the Vermont Child Poverty Council and the Governor's Pathways from Poverty Advocacy Council.

Statewide funding for the IDA program in 2006 was \$209,000 and for FY 14 is was \$135,300
Statewide funding for the Micro-business program in 2009 was \$446,000 and for FY 14 was \$366,970

The request: A \$700,000 investment for a statewide increased capacity funding for the asset development work including Micro-business and IDAs.

Respectfully submitted: Jan Demers, Executive Director – CVOEO