

Economic Development Practice and Solutions for AHS

ASSET DEVELOPMENT - FINANCIAL EDUCATION – EMPLOYMENT - TRANSPORTATION - HOUSING

AHS invests funding and resources in long-term strategies for creating financial stability and building financial capability with successful and cost effective programs to address economic development and inequity.

Asset Development and Financial Education

- 1. Micro Business Development Program (MBDP)** The Office of Economic Opportunity (OEO) provides funding to each of Vermont's Community Action Agencies. It provides training and assistance to help low-income Vermonters to start and grow businesses. Business ownership is a proven pathway out of poverty, helping to increase income, create wealth, and move people off public assistance. Assistance includes one-to-one business counseling, business training, networking opportunities, business plan development, and financial management training. Since 1988, the program has served more than 10,000 Vermonters.

In SFY 2014:

- 780 low-income Vermonters participated in MBDP;
- 61 participants who were unemployed found a job;
- 58 participants who were employed increased their income;
- 57 participants started new businesses;
- 103 participants expanded their businesses;
- 80.7 (FTE) jobs were created — for the participants and others; and
- \$1.4 million in capital was accessed / leveraged.

An evaluation conducted by UVM in 2008 found that more than 90% of businesses helped by MBDP are still in business after 3 years – a survival rate significantly higher than the Small Business Administration's national average. \$3700 cost per job created,

MBDP Budget: \$300,000 GF/ 68,000 SNAP. GF Funding was cut (base \$342,000) in the 2010 rescissions and not restored

- 2. Individual Development Accounts (IDA).** OEO provides funds to the five Community Action Agencies in Vermont for the Vermont Individual Development Account Program. IDA is a matched savings and financial education program for low-income Vermonters. Participants can save up to \$1,000 of earned income, which is matched by federal and state funds, to help them invest in their first home, a business, or a post-secondary education. Since its start in 1997 the program has served over 1,335 individuals and families.

In SFY 2014, among IDA participants:

- 123 people increased their savings; and
- 36 Vermonters invested \$81,537 in their first home, post-secondary education, or a small business.

IDA Budget: \$135,000 BASE

3. Family Supportive Housing (FSH)- FSH helps families who are homeless move into affordable housing while providing intensive service coordination during their transition to permanent housing. FSH includes an asset development and financial empowerment that helps people connect to mainstream banking institutions, assist with credit repair and provides matched savings for families to move permanently out of homelessness and end generational poverty.

4. Credit building and repair services – To break poverty barriers: Community Action Programs and the Family Supportive Housing program provide credit repair and coaching for Vermonters with low income to repair/build credit, and repair/strengthen their connections to financial institutions.

- 3,778 low-income households achieved an increase in financial assets or financial skills as a result of CSBG Network assistance

5. CHILDCARE FINANCIAL ASSISTANCE PROGRAM

Provides working families with the financial support needed to obtain quality child care, assuring family economic stability, while providing young children with early learning opportunities that establish a sturdy foundation for future growth and development

Employment

6. Low-Income Weatherization

The Weatherization Assistance Program helps lower-income residents (particularly older Vermonters, people with disabilities, and families with children) to improve the energy efficiency of their homes. This saves them both fuel and electricity and leaves them with more money to spend on other necessities such as food and health care. A weatherized home saves a family, on average, about \$1,000 a year. The Weatherization Program also trains and provides a livable wage to a statewide staff of approximately 120 people.

In FY 2014:

- 1,281 homes were weatherized;
- Priority was given to providing weatherization services to households getting fuel assistance and those with the highest fuel usage per square foot of living space.

7. Community Services Block Grant (CSBG)

AHS/OEO provides funding to Vermont's five Community Action Agencies to provide a variety of employment and work supports

- 3,056 low-income people received employment or work supports which reduced or eliminated barriers to initial or continuous employment, acquired a job, obtained an increase in employment income, or achieved "living wage" employment and benefits
 - Community Kitchens at two Community Action agencies serve as culinary and food services training programs that place low-income people into the food service industry.
 - Community Action agencies serve as training sites for Reach Up participants who learn a variety of soft and hard job skills.

8. Reach Up Employment Activities

- Reach Up provides job search, job coaching and workforce and education services in partnership with Creative Workforce Solutions and the Department of Labor to Reach Up participants.

Transportation

9. Ready to Go / Good News Garage

A Reach Up funded transportation program that gets Reach Up participants to achieve their family development goals and work requirement.

10. CAPSTONE Car Program

Statewide assistance for low-income people to purchase and maintain vehicles

In Discussion

11. Accessing Affordable Housing

Build an adequate supply of rental housing and assist private landlords to open up rental units for low-income people.

- Address Vermont's extreme shortage of rental units (1% statewide vacancy rate) and high rate of homelessness (over 1,500 people are homeless on any given night) by promoting construction of new mixed-income rental stock, at least 30% of which is affordable to Vermont families at or below 30% of area median income. This initiative would: expand workforce housing; reduce Vermont's high rate of homelessness; reduce demand on AHS homeless shelter and services budgets; create additional construction sector jobs; and could be designed to create training opportunities in building trades.
- In regions with poor quality housing stock, work with private sector landlords on ways the Agency can assist them set aside rental units for families with incomes at or below 30% of AMI.

12. Develop a Vermont Children's Savings Program that increases opportunities for college and career success for all Vermont students; that engages and incentivizes positive postsecondary education savings behavior for low income VT families; and provides financial literacy education for all children and their parents in cooperation with local public education systems.

Recent studies and pilot programs have shown that a college savings account can have a powerful impact on the likelihood that a child will not only go to college, but also complete college. When compared to low- and moderate-income (LMI) children with no savings account, an LMI child with college savings of just \$1 to \$499 is more than three times more likely to enroll in college and more than 4.5 times as likely to graduate from college.