

TESTIMONY-COMMUNITY ECONOMIC DEVELOPMENT

Good afternoon, Madame Chair and Representatives. Thank you for the opportunity to speak before the Committee today.

I am Dan Hoxworth and it is my privilege to be the Executive Director of Capstone Community Action. Today, I speak on behalf of the five Vermont Community Action programs that stabilize lives and create economic opportunity for Vermonters who lack financial resources.

I am here to share with you two opportunities for our State to invest in the lives of these Vermonters seeking to achieve economic stability and then to reach for prosperity—Micro Business Development Program and Individual Development Accounts.

When I walk in downtown Barre, I walk by the Morse Deli, Maria's Bagels and Bob's Camera. These three businesses and their owners (Dustin, Dustin and xxx) are alums of the Micro Business Development Program run by my Capstone. Soon there will be a yoga studio in the Blanchard building. They are creating jobs, continuing the revitalization of downtown Barre and role models for others to follow in their footsteps.

Our work at Capstone is indicative of what is happening across our state with the MBD Program. With your investment of slightly less than \$300,000 a year, our talented staff has assisted 5,466 Vermonters to create 427 new businesses, expand another 268 businesses, leverage \$5,621,842 in financing and create 523.7 jobs. That works out to a cost per job of an amazingly low \$3,645. Wow!

Yes, I did say \$5,621,842 in financing leveraged and a cost of \$3,645/per job.

Yet we can do so much more. With your investment of \$200,000 more dollars to \$500,000 a year, we can assist more Vermonters to not simply find stability but to reach for and achieve their dreams and fulfill their potential.

There is another way that you can ensure that we are investing in the stability, resiliency and prosperity of low income Vermonters and that is through restoring the State's investment in the Individual Development Accounts to \$250,000 a year (the level in 2001) from the level.

By leveraging federal matching dollars, IDA's allow participants to get a 2 to 1 match for every dollar they save. It is a powerful incentive for our participants to get training in better managing their finances, improving their credit score and creating a family budget. Our staff work intensively with individuals to encourage saving for their own or their children's education, to start a business, or to buy a home.

Last year, 43 Vermonters obtained assets of \$115,000 and used almost ½ for businesses, almost 40 percent for education and a little over 10% to buy a home. We have 35 IDA's statewide today. With your investment, of an additional \$115,000, we can double this amount to at least 70 or 14 per Community Action Agency and bring in the matching federal dollars.

There simply is no better way to help low income Vermonters achieve financial resiliency than the IDA program. They get the financial knowledge to make better decisions and they get the savings to help them achieve their goals.

The Child Savings Account idea came about from the success of the Individual Development Account. We applaud the Governor's effort to create this vehicle for savings for children. At the same time, we should be investing in their parents.

I hope you will choose to invest in these two amazing programs. Their success and outcomes are simply amazing. These programs are truly at the forefront of job creation and creating a path to prosperity for economically vulnerable Vermonters.

Thank you so much for your time today.