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TESTIMONY PROVIDED TO THE VERMONT HOUSE COMMITTEE ON COMMERCE AND ECONOMIC DEVELOPMENT

Date: April 3, 2015

RE: H. 402, An Act relating to authorizing the Vermont ABLE savings program

By: Kirsten M. Murphy, Senior Policy Analyst, Vermont Developmental Disabilities Council

Thank you, Representative Botzow and Committee members for the opportunity to speak to H. 402 and the necessity of establishing tax advantaged savings accounts through a State authorized Achieving a Better Life Experience (ABLE) savings program in Vermont.

My name is Kirsten Murphy, and I am a resident of Montpelier, as well as the parent of two young men with developmental disabilities. I am here to speak on behalf of the Vermont Developmental Disabilities Council [VTDDC] for whom I work as their Senior Policy Analyst. The VTDDC is a federally-funded, state-wide board that works to increase public awareness about critical issues affecting people with developmental disabilities and their families. Along with state agency representatives, 61% of our Council's members are self-advocates and family members.

The federal ABLE Act is precedent setting in that it is the first time that national policy will support the acquisition of assets by citizens who receive services and supports because they have a disability. Specifically:

- ABLE removes a longstanding disincentive to work or to work more hours – specifically asset limits in the $2000 to $5000 range for Medicaid and Social Security Benefits upon which people with disabilities often rely.

- ABLE accounts will give family members an affordable tool to save responsibly for the many expenses that are not covered or are only partially covered by public benefits such as housing, assistive technology, health and wellness, and post-secondary education and training.

- ABLE brings basic fairness to the experience of working adults with significant disabilities: Workers without disabilities are encouraged and motivated by the opportunity to save for later advancement. The same should be true for working Vermonters who have disabilities.

The need for an ABLE savings program is especially acute in Vermont which has one of the nation's largest gaps in the rate of poverty experienced by people with disabilities (29.5%) and the rate of poverty experienced by people without disabilities (10.2%). That gap is 19 percentage points, according to *The Annual Compendium of Disability Statistics* (2014). Only Maine and the District of Columbia have a wider gap.[1] The path out of poverty is employment, and we owe it to Vermonters living with disabilities to create a pro-employment culture that welcomes them into our workforce.

Several individual and family members are here today to share with you how creating a Vermont program under the ABLE Act will positively impact their lives. My role is to provide your Committee with some specifics that we believe will strengthen H, 402 as introduced:

1. First, it is critically important that the Vermont legislature act to expedite the creation our state's ABLE program. Despite tremendous bi-partisan support, Congress took eight full years to pass the ABLE Act. Recently, the Internal Revenue Service (IRS) took the unusual step of issuing notice encouraging States to move forward with ABLE accounts even though necessary IRS guidance is not ready. Indeed, the IRS has assured states that they "intend to provide transition relief" [IRS Notice 2015-18][2].

2. Second, in support of both transparency and accountability, we urge the Committee to revise H. 402 as introduced so that:

    a. The Treasurer, or her agent, be required by statute to make an annual report evaluating the ABLE savings program to the Governor and the legislature.

    b. There be established in statue an ABLE Advisory Board, including members of the public who are individuals with disabilities or their family members, that would provide periodic input on matters such as (1) the promotion and marketing to Vermont's ABLE Savings Program; (2) review rules relating to the operation of ABLE accounts with an eye toward the consumer's convenience' ; (3) review fees, if any, proposed to be charged to account owners; (4) future enhancements to the protect from the loss of State benefits as might be needed to fulfill the intent of the ABLE Act; (5) and like matters.

3. Third, we suggest that H. 402 provide the Treasurer, or her designee, with more specific guidance for implementation of the Vermont ABLE program through the use of financial organizations as account depositories and managers. Enabling legislation from Kansas provides a good model, and the relevant section is attached.

Again, thank you for the opportunity to share our enthusiasm for establishing this much needed program and for considering these suggestions.

[1] From: http://www.researchondisability.org/statsrrtc/event-detail/2014/08/21/2014-annual-compendium-of-disability-statistics-and-research-to-policy-roundtable
[2] See: http://www.irs.gov/pub/irs-drop/n-15-18.pdf

Attachment to Testimony by Kirsten Murphy

From: http://kslegislature.org/li/b2015_16/measures/hb2100/

HB 2100 Kansas Legislature, as amended by House Committee on Children and Seniors

Sec. 4. (a) The treasurer may implement the program through use of financial organizations as account depositories and managers. The treasurer may solicit proposals from financial organizations to act as depositories and managers of the program. Financial organizations submitting proposals shall describe the investment instruments which will be held in accounts. The treasurer may select more than one financial organization and investment instrument for the program. The treasurer shall select as program depositories and managers the financial organization, from among the bidding financial organizations, that demonstrates the most advantageous combination, both to potential program participants and this state, of the following factors:

(1) Financial stability and integrity of the financial organization;
(2) the safety of the investment instrument being offered;
(3) the ability of the financial organization to satisfy recordkeeping and reporting requirements;
(4) the financial organization's plan for promoting the program and the investment the organization is willing to make to promote the program;
(5) the fees, if any, proposed to be charged to the account owners;
(6) the minimum initial deposit and minimum contributions that the financial organization will require;
(7) the ability of the financial organization to accept electronic withdrawals, including payroll deduction plans; and
(8) other benefits to the state or its residents included in the proposal, including fees payable to the state to cover expenses of operation of the program.