



Mary Niebling  
Director, Community Economic Development  
Capstone Community Action  
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Thank you for your time today.

Financial literacy is a catch-all term for the goal of families becoming financial capable and achieving financial well-being. Certainly, understanding what a family's financial needs, goals, and wants are a strategy to help families figure out what they must have to be financially "self-sufficient." It consists of knowing what your family must have to get by and survive, but also progress to a state of well-being. It is also identifying that the family does have control over the money that flows through the family unit. Too many of us feel that money controls us as opposed to feeling we have control over our money. Tracking spending and budgeting can help families figure this out; identifying family goals and communicating them to the family unit is also an important step. Part of this is also setting aside money for the future, planning and saving whether it is for retirement or an emergency that we know will inevitably occur. Planning and savings are keys to achieving financial well-being. Thus, it is going beyond just becoming "financially literate" but changing behavior to incorporate these learned skills into one's life and setting an example for your kids that makes the prospect of financial well-being possible.

Based upon these principles, I would like to go beyond the three core programs that Dan has spoken about that I oversee in my work at Capstone—micro business, IDAs or matched savings, and the VITA tax preparation. I would like to touch on some additional programming that we are doing at Capstone to build upon these efforts to help families move out of poverty and up the economic ladder. Part of our strategy for building upon the "financial literacy" work that we do is to integrate financial capability work within other programming we are doing at Capstone and to find other programs where we can add (or integrate) financial capability programming. Many of these initiatives build upon financial capability principles and take a two generation approach.

Over the last two years with support from the Office of Economic Opportunity we have been working closely with the district offices of Reach Up in Barre and Morrisville. Starting with the Barre office, we trained the Reach Up staff (case managers) in basic financial matters in a two pronged approach: 1) to help them feel more comfortable and knowledgeable talking about money issues themselves and to help them improve their own financial well-being; and 2) to understand the work that Capstone does with families financially as a way of increasing the number of referrals into our financial education and coaching services where we can provide more in depth assistance to those participating in Reach Up. This has worked well. We've definitely increased the number of people on Reach Up coming in for financial coaching and education. We've also partnered with Reach Up to use monetary incentives to encourage

savings and financial management behaviors using Reach Up's support services dollars. While the numbers of people involved have been relatively small we've seen some encouraging results (numbers as of 9/30/16):

Population has been Reach Ahead and Reach Up PSE:

- Total 29 people
- 19 met two or more times with coach
- 20 have reviewed their credit reports
- 21 created a budget
- 9 have opened a new savings account and have set up automatic deposit for saving
- 5 have saved up to \$250 and earned \$250
- 8 reviewed their student loan portfolio
- 2 attended financial education classes
- 3 achieved an action driven goal
- \$4,750 has been earned through incentives

This is a project we would like to see go statewide from its beginnings in Barre and Morrisville, (it was expanded out last year to the Burlington and St. Albans district offices). This work has been supported by a small discretionary grant from OEO. It would need to be funded by state dollars and improving the outcomes for families moving off of Reach Up.

We along with our sister agency, CVOEO, have also attracted funding from the Northfield Saving Bank Foundation to add to our work in financial coaching and education. This support has enabled Capstone to work with more than 330 individuals in the last year on an individual basis on financial issues from banking to budgeting, to improving and building their credit, to opening and saving through a retirement account. Additionally, we have trained 272 people through financial education classes and partnered with businesses as diverse as King Arthur Flour and CV Medical Center, and local nonprofit organizations such as Turning Point and CV Adult Basic Education.

Because we have this additional funding from Northfield Saving Bank Foundation, we have been working with two groups of participants served by our own agency: our workforce development program—Community Kitchen Academy—and Head Start. We've worked with our CKA students on existing financial challenges, as well as issues they will face when they get their jobs (90% placement rate)--how to read a paycheck, set up a bank account and direct deposit, as well as the standard goal identification, establishing and building credit, setting up an emergency saving fund, etc. We are also embarking on similar work with our Head Start program (200+ families) on financial capability integration using the same approach we have used with the Reach Up program. We are scheduling a series of training sessions with the HS home visitors and family partners to help them be more comfortable and informed about money issues themselves, and then we will work with them to offer financial capability exercises to their families to explore money issues, learn to communicate within their families about money, and be referred to our financial education trainings and more intensive one-to-one coaching sessions.

I have had the privilege of being appointed to the VT Financial Literacy Commission back in August and have served since then on the Adult Subcommittee. Chief among my focuses have been building on the work we have been doing at Capstone. A couple of the recommendations I would like to see come out of the Commission include:

- Eliminate the Asset Test for Reach Up participants—research shows that elimination of the asset test allows families to save and move off of assistance. If you don't have a buffer, even a small one, during the tough times, people will come back onto assistance. Elimination of the asset test also reduces the administrative costs of the program by not having people go on and off of assistance.
- More active promotion at the state level of financial well-being moments like “tax time”—promotion of the Earned Income and Child Tax Credits and Saving Your Refund (a program promoting saving a portion of your tax refund).
- Promote taking the Earned Income Credit; it is estimated 10,000 Vermonters who should be taking it and are not.
- Establish a retirement system for workers who are not covered by their employer. Saving for retirement is a key strategy for financial well-being, and combines skills such as planning and saving.

Community Action Agencies are the logical places to offer financial capability services to lower income Vermonters. We have access to the population, and the expertise and tools to help them improve their financial futures. The state can do more on both the policy and programming side of the equation. Financial matters are complex both in their concepts and people's ability to navigate them. We know from our work with asset building—through the IDA, MBDP, and VITA programs—that learning how to manage money is a key to moving towards financial well-being.

Thank you.