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H.480

Introduced by Representatives O’Sullivan of Burlington, Weed of Enosburgh,
Botzow of Pownal, Burke of Brattleboro, Chesnut-Tangerman
of Middletown Springs, Christie of Hartford, Cina of
Burlington, Donovan of Burlington, Hill of Wolcott,
McCormack of Burlington, Ode of Burlington, Poirier of Barre
City, Rachelson of Burlington, Squirrell of Underhill, Stevens
of Waterbury, Stuart of Brattleboro, Sullivan of Burlington,
Terenzini of Rutland Town, Townsend of South Burlington, and
Young of Glover

Referred to Committee on

Date:

Subject: Commerce and trade; economic opportunity

Statement of purpose of bill as introduced: This bill proposes to support the
creation of an opportunity economy by providing funding and policy guidance
for (1) the Microbusiness Development Program; (2) the Individual
Development Savings Program; (3) workforce development and training
programs for Vermonters with low income; (4) financial education, coaching,
and credit building services for Vermonters with low income; (5) a Vermont
Matched Savings Account Program; and (6) the Volunteer Income Tax
Assistance Program.

1 An act relating to creating an opportunity economy for all Vermonters

2 It is hereby enacted by the General Assembly of the State of Vermont:

3 Sec. 1. STATEMENT OF PURPOSE

4 (a) The purpose of this act is to create an opportunity economy that works
5 for all Vermonters, of all social and economic backgrounds, supported by all of
6 State government.

7 (b) In order to create an opportunity economy that truly works for all
8 Vermonters, each agency of the State should share responsibility and resources
9 to stabilize families with low income, break down barriers to successful
10 employment, and support initiatives that foster job creation, workforce
11 development, financial capability, and economic opportunities wherever
12 appropriate.

13 Sec. 2. MICROBUSINESS DEVELOPMENT PROGRAM; FINDINGS;
14 APPROPRIATION

15 (a) Findings. The General Assembly finds:

16 (1) Since 1989, the Microbusiness Development Program has provided
17 free business technical assistance, including training and counseling, as well as
18 access to capital to Vermonters with low income.

19 (2) The Vermont Community Action Agencies work in conjunction with
20 many partners, including other service providers, State agencies, business
21 technical assistance providers, and both traditional and alternative lenders.

1 (3) Each year the Program:

2 (A) enables the creation or expansion of an average of 145 businesses
3 across Vermont;

4 (B) supports the creation of 84 new jobs; and

5 (C) provides access to more than \$1.1 million in capital.

6 (4) The average cost per job created through the Program is less than
7 \$3,600.00.

8 (b) Intent. Current base funding for the Program is \$300,000.00, and it is
9 the intent of the General Assembly to provide total funding for the Program in
10 fiscal year 2018 of \$500,000.00.

11 (c) Appropriation. In fiscal year 2018, in addition to any other amounts
12 appropriated, the amount of \$200,000.00 is appropriated from the General
13 Fund to the Office of Economic Opportunity for pass through grants to the
14 Community Action Agencies to restore and increase funding for the regional
15 Microbusiness Development Programs pursuant to 3 V.S.A. § 3722.

16 Sec. 3. INDIVIDUAL DEVELOPMENT SAVINGS PROGRAM;
17 FINDINGS; APPROPRIATION

18 (a) Findings. The General Assembly finds:

19 (1) The Individual Development Savings Program in the Agency of
20 Human Services offers a matched savings and financial education program that

1 helps Vermonters with low income invest in their future by enabling them to
2 build financial assets.

3 (2) Backed by federal dollars leveraged by State funds, participants
4 save, and have their savings matched 2-to-1, to purchase a home, pay tuition
5 for training or postsecondary education, or start a business.

6 (3) Since its inception in 1997:

7 (A) The Program has served 1,335 households.

8 (B) 912 Vermonters have completed their savings period and
9 invested \$2.5 million in their future, much of which has helped support their
10 local economy.

11 (C) 524 participants have invested in businesses, 207 in education,
12 and 181 in first time-home ownership.

13 (b) Intent. Current base funding for the Program is \$135,300.00, and it is
14 the intent of the General Assembly to provide total funding for the Program in
15 fiscal year 2018 of \$250,000.00 in order to assist Vermonters with low income
16 to build their financial assets and achieve economic independence.

17 (c) Appropriation. In fiscal year 2018, in addition to any other amounts
18 appropriated, the amount of \$114,700.00 is appropriated from the General
19 Fund to the Individual Development Matching Grant Special Fund to provide
20 matching funds through the Individual Development Savings Program
21 pursuant to 33 V.S.A. § 1123.

1 Sec. 4. WORKFORCE DEVELOPMENT AND TRAINING; FINDINGS;

2 APPROPRIATION

3 (a) Findings. The General Assembly finds:

4 (1) The Vermont Community Action Agencies offer a variety of
5 workforce development and training initiatives that:

6 (A) address persistent barriers to employment faced by disadvantaged
7 workers with no, little, or unsuccessful work experience; and

8 (B) build career competencies, including:

9 (i) job seeking skills;

10 (ii) computer literacy;

11 (iii) problem solving and decision making;

12 (iv) interpersonal communication;

13 (v) personal qualities; and

14 (vi) customer service.

15 (2) Specific examples of training programs include:

16 (A) job readiness programs for at-risk youths to obtain their first
17 jobs;

18 (B) life and workplace skills training for incarcerated persons who
19 are reentering the workforce upon release;

20 (C) GED preparation, comprehensive job coaching, and group
21 worksites at parent-child centers;

1 (D) transportation assistance to individuals to enable them to prepare
2 for and attain employment; and

3 (E) skills development, career readiness, and job placement training
4 for underemployed and unemployed Vermonters for food service industry
5 careers.

6 (b) It is the intent of the General Assembly to provide sufficient funding for
7 workforce development and training for Vermonters with low income, in order
8 to increase access to the workforce and ensure a supply of job-ready,
9 dependable workers to enable Vermont employers to maintain and expand
10 their businesses.

11 (c) Appropriation. In fiscal year 2018, in addition to any other amounts
12 appropriated, the amount of \$250,000.00 is appropriated from the General
13 Fund to the Agency of Human Services for pass through grants to the
14 Community Action Agencies to fund and expand access to existing workforce
15 development and training services.

16 Sec. 5. FINANCIAL EDUCATION, COACHING, AND CREDIT
17 BUILDING SERVICES; FINDINGS; APPROPRIATION

18 (a) Findings. The General Assembly finds:

19 (1) To overcome barriers to financial security, “Financial Capability”
20 education and coaching services empower people to stabilize their finances, set

1 goals and work to achieve them, and sustain successful financial behaviors
2 over time.

3 (2) The knowledge and skills gained by Vermonters with low income
4 enable them better to manage scarce resources, repair or build credit, and
5 establish or strengthen connections to financial institutions.

6 (3) Recent studies show that 10 hours of financial education can yield a
7 savings of \$1,390.00 per year for participants, a substantial sum for families
8 living in poverty.

9 (4) Additionally, a recent national study found that 58 percent of
10 individuals with low-to-moderate income receiving financial coaching and
11 credit building services had their credit score increase as a result.

12 (5) These services in Vermont can and have been customized to meet
13 the particular needs of families participating in Reach Up.

14 (b) Intent. It is the intent of the General Assembly to provide sufficient
15 funding to the Community Action Agencies to cover the cost of existing
16 financial education, coaching, and credit building services, and to enable more
17 Vermonters with low income to access these services.

18 (c) Appropriation. In fiscal year 2018, in addition to any other amounts
19 appropriated, the amount of \$200,000.00 is appropriated from the General
20 Fund to the Agency of Human Services for pass through grants to the

1 Community Action Agencies to provide financial education, coaching, and
2 credit building services to Vermonters with low income.

3 Sec. 6. VERMONT MATCHED SAVINGS ACCOUNT
4 PROGRAM; APPROPRIATION

5 (a) Findings. The General Assembly finds:

6 (1) The Individual Development Savings Program established in
7 33 V.S.A. § 1123, which offers a matched savings and financial education
8 program, has helped Vermonters with low income invest in their future by
9 enabling them to build financial assets.

10 (2) Because the Individual Development Savings Program is funded in
11 part by the federal government it is subject to certain legal restrictions,
12 including federal limitations on the purpose of expenditures from individual
13 development accounts for eligible uses relating to first-time home ownership,
14 education, or entrepreneurial activity.

15 (3) An independent evaluation of individual development accounts in
16 Massachusetts found that every dollar of state funding resulted in savers
17 accumulating \$64.32 in assets, and local government collected an additional
18 \$0.43 in property taxes.

19 (4) Building on the model of the Individual Development Savings
20 Program, Vermonters with low income would benefit from a Vermont
21 Matched Savings Account Program that would provide financial education and

1 coaching, as well as matching funds for an expanded number of eligible
2 expenditures, including vehicle purchase or repair, home repair, paying down
3 debt, dental care, creating an emergency fund, and expenses that support
4 employment or housing success.

5 (b) Intent. It is the intent of the General Assembly to establish a Vermont
6 Matched Savings Account Program with State funds in order to provide
7 financial education and coaching, as well as match the savings of Vermonters
8 with low income for eligible uses.

9 (c) Appropriation. In fiscal year 2018 the amount of \$150,000.00 is
10 appropriated from the General Fund to the Agency of Human Services to
11 create a Vermont Matched Savings Account Program pursuant to 33 V.S.A.
12 § 1124.

13 Sec. 7. 33 V.S.A. § 1124 is added to read:

14 § 1124. VERMONT MATCHED SAVINGS ACCOUNT PROGRAM

15 (a) As used in this section:

16 (1) “Agency” means the Agency of Human Services.

17 (2) “Approved expanded account program” means a program approved
18 by the Agency and administered by a service provider.

19 (3) “Approved savings plan” means a plan, approved by the service
20 provider and agreed to by the saver, which defines savings goals, program
21 requirements, and anticipated uses of the savings and matching funds.

1 (4) “Eligible use” means a use of funds approved by a service provider
2 and agreed to by a saver that will result in a long-term benefit to his or her
3 personal well-being and financial circumstances, including the purchase or
4 repair of a vehicle, home repair, paying down a debt obligation, dental care,
5 establishing an emergency fund, or investing in tools or training that support
6 employment or housing.

7 (5) “Expanded Individual Development Account” or “expanded
8 account” means a savings account that is held in an insured financial institution
9 that is maintained by the saver as part of an approved account program and an
10 approved savings plan.

11 (6) “Financial institution” means any insured federal- or State-chartered
12 bank, bank and trust company, savings bank, savings and loan association,
13 trust company, or credit union, approved by the service provider for the
14 establishment of an expanded account.

15 (7) “Fund” means the Vermont Matched Savings Account Program
16 Special Fund established by this section.

17 (8) “Minimum savings amount” means the minimum amount of the
18 saver’s earnings established in the approved savings plan that the saver must
19 deposit in order to be eligible for matching funds.

20 (9) “Program” means the Vermont Matched Savings Account Program
21 established by this section.

1 (10) “Public assistance” means financial assistance provided by the
2 Reach Up program or a separate State program established under the authority
3 of section 1121 of this title.

4 (11) “Saver” means an individual who is 18 years of age or older, or
5 who is under 18 years of age if the account is held in the name of a parent or
6 caretaker of the saver, or a family group:

7 (A) who resides in this State;

8 (B) who has applied for and been enrolled in the Program;

9 (C) whose household income at the time of application is within the
10 applicable financial eligibility standards:

11 (i) to receive public assistance;

12 (ii) to claim the federal earned income credit, without regard to
13 any age limitation; or

14 (iii) to participate in a federal savings program administered
15 pursuant to this section; and

16 (D) whose net worth as of the calendar year preceding the
17 determination of eligibility does not exceed \$10,000.00, excluding the primary
18 dwelling unit, one motor vehicle owned by members of the saver’s family in a
19 one-parent family or two motor vehicles owned by members of the saver’s
20 family in a two-parent family, and the tools of the saver’s trade that do not

1 exceed \$10,000.00 in value and that are necessary to continue or seek
2 employment.

3 (12) "Service provider" means a nonprofit organization approved by the
4 Agency that encourages and assists local community-based human service
5 development, and that is an organization described in Section 501(c)(3) of the
6 U.S. Internal Revenue Code which is exempt from taxation under Section
7 501(a) of the Code.

8 (b) The Agency shall establish by rule standards and procedures to
9 implement and administer the Program, consistent with the following:

10 (1) An applicant shall apply to a service provider for a determination of
11 eligibility for enrollment in the Program.

12 (2)(A) The service provider shall develop an approved savings plan with
13 each saver who has been determined eligible and enrolled in the Program.

14 (B) The approved savings plan shall specify a minimum savings
15 amount to be saved and the frequency of deposits to be made by the saver to
16 the savings account during the duration of the plan.

17 (C) The plan shall limit the maximum amount of savings that is the
18 basis for receipt of matching funds to not more than \$500.00 per saver per
19 calendar year and \$1,000.00 per family per calendar year, and to not more than
20 \$2,000.00 per lifetime of the saver and \$4,000.00 per lifetime of members of a
21 family.

1 (D) The application and plan shall be prepared on forms provided
2 and approved by the service provider.

3 (E) The plan shall be a contract between the saver and the service
4 provider.

5 (2) The enrolled saver shall complete a financial management training
6 program approved by the Agency and provided by or through the service
7 provider.

8 (3)(A) An enrolled saver shall open an account in a financial institution
9 that has been approved by the service provider as a depository for the saver's
10 contributions.

11 (B) The saver and the service provider shall jointly own the account,
12 including interest earned, jointly, with the saver as primary owner.

13 (4) An enrolled saver with an approved plan and account monitored by a
14 service provider shall comply with the requirements of the plan for at least one
15 year, but not more than five years, in order to be eligible for matching fund
16 grants.

17 (5)(A) In order to obtain matching funds, the saver shall present
18 evidence satisfactory to the service provider that the amount to be withdrawn
19 will be expended only for an eligible use.

20 (B) A withdrawal from an account for an eligible use shall be made
21 payable to the person who provides the eligible use.

1 (C) The Agency shall pay matching funds only to the person that
2 provides the eligible use and not directly to the saver.

3 (6)(A) The service provider may terminate an approved savings plan for
4 a saver who fails to meet the savings goals set out in the approved plan or who
5 withdraws from the Program, in accordance with standards and procedures
6 established by rule by the Agency.

7 (B) Any funds contributed by the saver shall revert to the sole
8 ownership of the saver, to be used by the saver for any purpose.

9 (7) The Agency shall monitor Program participation, and shall limit
10 additional Program participation when the funds appropriated to carry out the
11 purposes of this section are not sufficient to support additional approved
12 savings plans.

13 (8) The Agency shall establish by rule any other standards and
14 procedures necessary or desirable to implement the Program, including
15 minimum requirements for approval of savings plans, criteria for training and
16 counseling, reporting requirements for participating financial institutions, and
17 matching fund allocation standards.

18 (c)(1) The Vermont Matched Savings Account Program Special Fund is
19 established in the State Treasury and shall be administered by the Agency in
20 accordance with the provisions of 32 V.S.A. chapter 7, subchapter 5, except
21 that interest earned on the Fund shall be retained in the Fund.

1 (2) The Fund shall consist of the proceeds from grants, donations,
2 contributions, appropriations, and any other revenue authorized by law.

3 (3) The Agency shall use the Fund only for the purpose of providing
4 matching funds for the Program and to provide grants to service providers for
5 administrative expenses of administering the Program.

6 (d)(1) The Agency may make grants from the Fund to service providers to
7 provide the match for approved savings plans with enrolled savers.

8 (2) The Agency shall calculate the amount and number of grants
9 quarterly based on the number of savers and the amounts included in their
10 approved plans administered by each service provider to ensure that payment
11 of the maximum match is made for all savers for the period for the approved
12 savings plans without exceeding the balance in the Fund.

13 (3) The Agency may award grants from the Fund to service providers to
14 cover their expenses of training and counseling savers, and to implement and
15 administer the Program.

16 (4) The Agency may approve the use of interest earnings on grant funds
17 as a portion of approved administrative costs.

18 (e) The Agency and service providers, separately or cooperatively, may
19 solicit grants and private contributions for the Fund.

1 Sec. 8. VOLUNTEER INCOME TAX ASSISTANCE PROGRAM;

2 APPROPRIATION

3 (a) Findings. The General Assembly finds:

4 (1) The Volunteer Income Tax Assistance Program offers free tax
5 preparation for anyone with an annual income of less than \$54,000.00.

6 (2) In fiscal year 2016, the Vermont Community Action Agencies
7 completed 3,536 federal returns and 3,544 State returns, and provided
8 assistance with the Vermont Renter's Rebate application and Homestead
9 Declaration.

10 (3) The Program has a 94 percent accuracy rate—higher than any other
11 tax preparation service.

12 (4) The total refunds and tax credits brought \$4.6 million back into the
13 State economy and helped stabilize households of Vermonters with low
14 income.

15 (b) Intent. It is the intent of the General Assembly to provide \$100,000.00
16 in State funding to the Volunteer Income Tax Assistance Program to leverage
17 \$51,540.00 in federal funding in order to sustain and expand access to the
18 Program for Vermonters with low income.

19 (c) Appropriations. In fiscal year 2018, in addition to any other amounts
20 appropriated, the amount of \$100,000.00 is appropriated from the General
21 Fund to the Agency of Human Services for pass through grants to the

1 Community Action Agencies to sustain and expand access to the Volunteer

2 Income Tax Assistance Program.

3 Sec. 9. EFFECTIVE DATE

4 This act shall take effect on July 1, 2017.