

## **Testimony to House Human Service Committee**

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Good morning. My name is Kate Larose, and I serve as the Director of the Financial Futures Program at Champlain Valley Office of Economic Opportunity, one of Vermont's five Community Action Agencies.

Community Action Agencies were created in 1965 to carry out the Economic Opportunity Act as part of the "war on poverty". Along with our sister agencies at BROOC, Capstone, NEKCA and SEVCA, our mission is to address fundamental issues of economic, social, and racial justice, and work with people to achieve economic independence.

We achieve this through three primary areas of service:

Emergency services:

- Housing assistance
- Fuel and utility assistance
- Food shelves

Stabilization services

- Head Start
- Weatherization
- Statewide programs such as VT Tenants and Fair Housing programs

And, what we're here to share more about today, economic opportunity programs:

- Matched savings Individual Development Accounts
- Financial capability coaching and classes
- Microbusiness Development services

In short, we help to build futures by supporting Vermonters on their path to economic intendance.

I started this position just about a year ago, new to the work of Community Action Agencies. My background includes being raised by a single mother who struggled to make ends meet, serving as a Peace Corps and VISTA member, and working in state offices of economic

development as well as education. For these reasons, I thought that I understand the issues of poverty in Vermont. Vermont is touted as one of the top states when it comes to national outcomes and policy rankings (Assets and Opportunity Scorecard). But what good is being at the top, when 27% of our neighbors are just one layoff or medical incident away from falling below the poverty line?

When I first started at CVOEO, this is how I envisioned our work:



I saw our economic opportunity programs as needed rungs in building ladders out of poverty. This viewpoint supposed that all one needed to do was to ask for a ladder, and then start climbing. Our job was to help people build their ladders, rung by rung, and support them during their long and arduous climb.

Over the past year, my view has shifted, and I now envision our work like this:



I see Vermont's economy as a fast moving highway (I-89 exit 19 to be exact), zipping right along. It works for many of us, but for the most vulnerable among us, it keeps whizzing by right over their heads and there's not much they can do to join in. Our work then, is to not throw down individual ladder after individual ladder, but to build durable on-ramps into the economy.

How, as Community Action Agencies, are we doing this statewide?

We start with being there for clients when they walk through our doors. Some of the reasons people come to us include:

- Looking for support in a financial crisis
- Getting into better rental housing
- Budgeting and spending management
- Looking to establish credit or raise their credit score
- Wanting to start or expand their business
- Goal setting and saving towards home ownership or education
- Investing for their future
- And, of special importance to our New American clients, learning about banking services in the U.S.

Our blended approach to education, financial coaching, and business counseling—combined with tools and services like credit pulls, matched savings accounts, and access to secured credit cards—provides an entry point and a continued path for those who wish to work with us over time as they meet their financial goals, and set new ones.

And as you've heard today, we've had great successes as a result. We are very proud that in the past year at Financial Futures:

- 81% of participants created a financial plan
- 79% reduced their spending
- 50% reported that their participation directly resulted in helping them to reduce their debt...just to name a few outcomes.

But it comes as no surprise. The services and programs we offer at CVOEO and statewide have a deep research and evidence base. Here are three fun facts:

- The average cost per job created in our Microbusiness Development program is less than \$3,600 per FTE
- Since the start of the IDA program in 1997, over 900 families has invested \$2.5 million into their economic futures (researchers in MA estimated the ROI to be 65:1!)
- And we know that just 10 hours of financial capability education and coaching services results in \$1,390 in annual household savings...a substantial sum for families living in poverty

As we continue to move from casting down individual ladders to building sustainable on-ramps into an opportunity economy, we must continue to work together as statewide social service systems. We value our partnerships around the state which include working closely with partners such as Reach-Up, Vocational Rehabilitation, prison facilities, restorative justice, Vermont Refugee Resettlement Program, and the list goes on.

These ever expanding partnerships—along with state policies that consider asset limits and tax implications, and funded investment in our work—are the foundation for our vision of creating a vibrant opportunity economy for all Vermonters. These three things, together, are what it really take to build on-ramps into the economy.

I want to leave you with the words of Robert Friedman, pioneer of the assets development field, as he sums this all up so eloquently in the book, “What It’s Worth”:

*“We must integrate financial well-being into social services, housing, education, health, and workforce development programs—helping those fields to understand the importance of their clients’ financial well-being to the success of their programs...If we are successful in this broader movement, we will be doing more than helping people climb out of poverty. We will generate economic growth for the nation—building an ‘opportunity economy’”.*

-Robert Friedman