

Asset Building in Vermont

2018 and Beyond



The Vermont IDA Program Today in 2018

In 2017, the Assets for Independence (AFI) program of the federal government was closed down. Previous year grants were not impacted by the shutdown of the program, but limited federal administrative support remains for outstanding grants that have received AFI funds. **There are currently four active AFI IDA grants with one due to expire each year until Sept 2021.** These grants currently enroll 89 Vermonters in various stages of saving, counseling, financial education, and purchasing of approved assets. Federal AFI funds for the match money for those years have already been awarded and are not subject to the program shutdown. The existing Vermont IDA program with its 2:1 federal and state match will continue with the current enrollees following the federal AFI guidelines until the grants are completed. **However, the CAAs must rely on State operating funds to support the current savers enrolled in the existing program.**

Capstone prepared to apply for the federal and state funding for 2018 grant year before learning that the AFI program was ending. Meanwhile, the state approved the VT IDA funding for match and operating monies for FY2018.

Despite the lack of federal funds, Vermont's OEO encouraged the (CAAs) to continue the program as a 1:1 match (participants save \$1,000, receive a match of \$1,000 from the state of Vermont). **This non-AFI IDA grant (with state match only) is due to expire in 2022 and does not include operating funds for the remaining time.**

The five CAAs are actively pursuing outside funding to replace the AFI federal funding so that a 2:1 match can be reinstated for new savers moving forward.

The New Vermont Matched Savings Program

The five CAAs have proposed the creation of an expanded IDA program called the **Vermont Matched Savings Program.**

Over the past 17 years, Vermont's IDA program has proven to help people move from poverty to economic self-sufficiency through asset building. No longer subject to federal guidelines, the CAAs propose to create a new matched savings program that follows the existing Vermont Statute 1123, but expands the uses of savings and match beyond homeownership, higher education, or micro business assets.

The **Vermont Matched Savings Program**, envisions an economic development initiative that builds on the existing statute and would expand savings and match usage to home repair and improvement (including weatherization services), automobile purchases or repairs to enable Vermonters to get to work, debt reduction (including student loans), dental work, or emergency savings. The current Vermont IDA statute 1123 would be revised to reflect the new program name and the expanded uses of funds.

In addition to requesting continued funding from the state of Vermont to support the operations of the existing IDA accounts that fall under the AFIA funding, **the five CAAs request funding to support the Vermont Matched Savings Program.**

Summary:

- The highly successful Vermont IDA program, a matched savings program to support low income Vermonters achieve asset wealth through homeownership, higher education, or creation of micro business is at risk due to loss of federal funding through the Assets for Independence Program in 2017
- Despite losing federal funding, Vermont IDA program continues for fiscal year 2018 due to funding of \$135,300 received from Vermont OEO for 1:1 match and operating funds for 35 accounts statewide.
- Vermont's CAAs have proposed the creation of the Vermont Matched Savings Program, an enhancement of the existing Vermont IDA program which would allow savers to build asset wealth through expanded uses of savings money
- CAAs request continued financial support from the state of Vermont to support the existing IDA program which has four more years of outstanding federal grant monies and 89 active participants.
- CAAs request funding to continue the program as the Vermont Matched Savings program
- CAAs are pursuing match money to replace the loss of the federal match money

****H.480, An act relating to creating an opportunity economy for all Vermonters introduced last session requests an increase in the current IDA program funding and seeks to create a new VT Matched Saving program with expanded uses. The CAAs are suggesting combining these two request into a new VT IDA program.**