

Creating an *Opportunity Economy* for All Vermonters

Last year we introduced legislation in the House (H.480) entitled - An act relating to creating an *Opportunity Economy* for all Vermonters. The bill requested funding for 5 existing anti-poverty programs and the creation of another.

These well-researched and demonstrated programs create and enable improved access to jobs, enhance financial stability, and help people build and manage assets, while addressing economic inequality.

We have focused on two of those programs this year in the Legislature and hope that the Senate Appropriations Committee Budget will include funding request for the **Micro-Business Development Program (MBDP)** and the **Individual Development Accounts (IDA)**. The House Budget as passed includes both the MBDP and the IDA funding.

Micro-Business Development Program (MBDP)

Last year, the legislature approved “one time” additional funding for the Micro-Business Development Program (MBDP). The MBDP provides free business technical assistance (training and counseling) and access to capital to low-income Vermonters. The Vermont Community Action Agencies (CAAs) work in conjunction with many partners, including other service providers, state agencies, business technical assistance providers, and lenders, both alternative and traditional.

We are requesting that \$100,000 be added to the base funding in in the Fiscal Year 2019 Budget the MBDP in the Office of Economic Opportunity, operated by the five Community Action Agencies around the State.

Since 1988, MBDP has helped to strengthen the economic self-sufficiency of more than 10,000 Vermonters and the vitality of our communities. We have launched or expanded more than 2,000 Vermont businesses, created thousands of jobs, and helped entrepreneurs leverage more than \$15 million in financing.

With a small investment from the state (\$3,600 per job created), our program creates enormous returns for low income Vermonters and our communities. Many of these businesses are the core to Vermont’s economic initiatives.

Individual Development Accounts (IDA)

The second program is the Individual Development Account Program (IDA). Low income Vermonters invest in their future by building financial assets. Backed by federal dollars leveraged by state funds, participants save – and have their savings matched 2:1 – to purchase a home, pay tuition for training or post-secondary education, or start a business. Financial Education is an integral part of the IDA program providing the cornerstone for financial capability.

Since its start in 1997 the program has served 1,370 households, 959 Vermonters successfully completed the IDA program, using \$2,652,377 in savings and match funds to create 546 Business, 221 individual participated in higher education program and 192 became homeowners.

Recently the federal government has discontinued its match for the IDA program. Although the program will continue without federal dollars, the five Community Action Agencies are actively pursuing outside funding to replace the federal funding to continue offering new savers a 2:1 match moving forward, and expand the uses of the match savings.

We are requesting that and additional \$35,000 of State funds be appropriated to match dollar-for-dollar funds raised privately by the five Community Action Agencies to support the program.

We also request that “eligible uses” for the savings program be expanded to include: training that leads to employment, the purchase or repair of a vehicle necessary to participate in an employment-related activity, in addition to its current uses for education, the purchase or improvement of a home, or participation in or development of an entrepreneurial activity.

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As Passed in House

Micro-Business Development Accounts and Individual Development Accounts

Web Report

B.325 Department for children and families - office of economic opportunity

<i>Budget Stage</i>	<i>Amount</i>	<i>Category</i>	<i>Note</i>
House	35,000	General fund	Funding for matched Individual Development Accounts (IDAs)
House	100,000	General fund	Funding to support Microbusiness development

Individual Development Account Language in Big Bill H.924

Sec. E.325.1 33 V.S.A. § 1123 is amended to read:

§ 1123. INDIVIDUAL DEVELOPMENT SAVINGS PROGRAM

(a) As used in this section:

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(6) "Eligible uses" means education, training that leads to employment, the purchase or improvement of a home, the purchase or repair of a vehicle necessary to participate in an employment-related activity, or participation in or development of an entrepreneurial activity.