

**State of Vermont**  
**Department for Children and Families**  
**Office of Economic Opportunity**  
280 State Drive NOB2 North  
Waterbury, VT 05671-1050  
<http://dcf.vermont.gov/oeo>

*Agency of Human Services*

[phone] 802-241-0935

To: Child Poverty Council  
From: Sarah Phillips, Director  
Office of Economic Opportunity, Department for Children and Families  
Date: December 21, 2017  
Re: Economic Opportunities to Lift Families Out of Poverty

Dear Council Members,

Thank you for the invitation to present to the Child Poverty Council on Thursday, December 21. Please accept this written testimony in place of in-person testimony.

The Office of Economic Opportunity supports community organizations working to address poverty in four key areas: homeless assistance, weatherization, community services and asset building/financial capability.

Assets – a home, savings, investments, retirement, credit, business, post-secondary education - are the building blocks for economic mobility and security. Assets have been shown to create a financial buffer to weather emergencies, promote success in the workforce, inspire long-term thinking and planning, and enhance the economic and psychological well-being of individuals and their families.

Financial capability refers to the knowledge, skills and access to resources needed to be able to achieve financial well-being. Financial capability is a key ingredient in achieving long-term economic stability. Financial capability services include a range of activities such as: financial education classes, financial coaching, credit building, free tax preparation, benefits coordination, incentivized savings, and access to financial products (“banking”). **Integrating financial capability into human services can help families get to financial security faster and more long term.**

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The Office of Economic Opportunity supports asset building and financial capability through grant funding for the Vermont Individual Development Account (IDA or “matched savings”) program, the Micro Business Development Program, and a number of demonstration projects and partnerships to integrate financial capability services into housing programs and Reach Up. By intentionally incorporating financial capability services into these existing programs that clients are already participating in, we are able to reach Vermonters at a time when services are relevant and accessible. This demonstration projects have shown promising results in the ability to reduce debt and increase savings for even very low income Vermonters.

Please find attached SFY 2017 outcomes for the Vermont IDA program and Micro Business Development Program, both which are provided through Vermont’s Community Action Agencies. Both programs have a long track record of tangible results for low income Vermonters.

Should you have additional questions, I would be glad to provide additional information.

Sincerely,

A handwritten signature in black ink that reads "Sarah Phillips". The signature is written in a cursive, flowing style.

Sarah Phillips  
Office of Economic Opportunity

## Outcome: Families are safe, nurturing, stable and supported

### Performance Measure: Individual Development Account (IDA) Program

OEO provides funds to the five Community Action Agencies in Vermont for the Vermont Individual Development Account Program. IDA is a matched savings and financial education program for low-income Vermonters. Participants can save up to \$1,000 of earned income, which is matched by federal and state funds, to help them invest in their first homes, a business, or post-secondary education. SFY 2017 is the last year of federal funding for this program.

In SFY 2017:

- ➔ 83 people increased their savings
- ➔ 26 participants withdrew a total of \$66,751 to invest in small businesses
- ➔ 9 participants withdrew a total of \$24,432 to buy their first homes
- ➔ 20 participants withdrew a total of \$50,900 to pursue education/job training

*Lack of income means you don't get by. Lack of assets means you don't get ahead.*

### SINCE 2001:

**979** LOW-INCOME VERMONTERS

SAVED AN AVERAGE OF

**\$892** EACH OVER 2 YEARS

SAVINGS WERE MATCHED **2:1** TO HELP THEM

**INVEST \$2,615,545**

IN THEIR OWN FUTURES



**Home**  
189



**Business**  
556



**Education**  
234

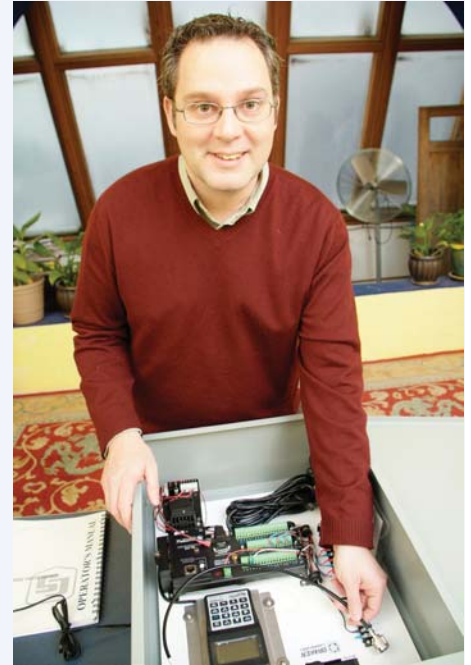
## Outcome: Vermont has a prosperous economy

### Performance Measure: Micro Business Development Program (MBDP)

MBDP provides training and assistance to help low-income Vermonters start and grow businesses. Assistance includes one-to-one business counseling, business training, networking opportunities, business plan development, and financial management training.

In SFY 2017:

- ➔ 854 low-income Vermonters participated:
  - ⇒ 34 unemployed participants created jobs for themselves
  - ⇒ 61 participants started new businesses
  - ⇒ 74 participants expanded their businesses
- ➔ 99.5 FTE jobs were created for participants and others
- ➔ \$1,610,541 in capital was leveraged



*Business ownership is a proven pathway out of poverty, helping to increase income, create wealth, and move people off public assistance.*

### SINCE 2010:

**7,047** LOW-INCOME VERMONTERS

PARTICIPATED IN MBDP

**557** NEW BUSINESSES WERE STARTED

**402** BUSINESSES WERE EXPANDED

**713.2** JOBS (FTE) WERE CREATED AT AN  
AVERAGE COST TO THE STATE OF \$3,619 PER JOB

**\$8,504,390**

IN CAPITAL WAS LEVERAGED

