

**Testimony of Sue Minter, Executive Director, Capstone Community Action
Before House Appropriations Committee**

February 19, 2020

Thank you for your service to the state and this Committee, and for allowing us to share our perspective on the Governor's recommended budget. I am Sue Minter Executive Director of Capstone Community Action.

Capstone was established in 1965 as part of the War on Poverty, and for over 50 years we have been working to move people out of poverty. Now in 2020, we find ourselves defending against what, from my perspective, can only be described as a federal war against the poor. Last week the Trump Administration presented a budget to Congress that eliminates critical anti-poverty programs – that you all depend upon in your budget deliberations – LIHEAP, Weatherization, CSBG, to name just a few. In addition, we face additional program changes to restrict access to services for low income population – including Social Security, Medicaid and Food Stamps/ 3 SquaresVT. This will inevitably increase pressure for investments at the State level.

This is the context in which we request that you reinstate funding for the Microbusiness Development Program (MBDP) and Individual Development Accounts (IDAs), currently known as the Vermont Matched Savings program – two critical anti-poverty and economic stimulous programs that were eliminated in the Governor's recommended budget for SFY 2021.

You know from your economists that the Vermont economy has grown steadily, albeit slowly, since the Great Recession. However, growth has not been shared by all segments of the population. In 2018, 66,000 Vermonters – one in 9--were living in poverty, exceeding poverty statistics from before the Great Recession. In 2019 more than 10 percent of Vermont children live in poverty, which for a single mother with two children means trying to make ends meet on just over \$20,000. In addition, more Vermonters were relying on Food Stamps in 2018 than before the Great Recession.

And here is what is key: Wages rose faster post-recession for the highest paid workers than for those at the bottom. According to a report described in the Wash. Post in September "Income inequality in the US hit the highest level since the census bureau started tracking it more than five decades ago"

I believe we have an enormous responsibility to turn this around! And that is the CORE MISSION of what we do in Community Action, and with our partners around the state and across the country.

We are, quite literally, the front door to people in poverty.

Each day we have waiting rooms filled with people facing deep financial stress: people in need of emergency food, fuel and housing. And we open our doors to these people and do

everything we can to assist them. As we open our doors to people in need we observe that poverty is intensifying. We see homelessness spiking; last year a record 30% of our Head Start caseload were homeless families — and this means children under 6. Since November over 2000 people sought food at our food shelf and heat through our crisis fuel program; most of our clients have run out of the state and fed subsidy and we continue to raise private donations for emergency food and fuel;

When I sat in your seats – during the Great Recession – these people were a statistic. Now they are my friends, my guests in our office, they serve on my Board; their plight is my responsibility.

Our work takes a holistic approach to alleviating poverty. We provide emergency services to help stabilize families in crisis, and then we work to help them move out of poverty with an array of economic development initiatives.

And I need to tell you that as shocked as I am about the increase in need for crisis services, I am equally inspired by the programs we implement that help people gain economic security. These are life-changing programs that have demonstrated to me a key message:

Poverty is not a permanent condition. Every day — in part thanks to thanks to the support you have provided-- we are successfully building ladders out of poverty.

And that is why I am so distressed by the proposed elimination of the very programs that take people out of poverty – and off of state assistance – and into economic security and financial independence.

I also know that the budget you are reviewing invests millions of dollars into supporting the important businesses we have here; it invests over a million into paying new people to move here. I deeply believe that it is incumbent upon you to also invest – and certainly NOT DIVEST -- in the people who live here – people who, with the support of these programs, can establish businesses, employ people, reduce the reliance on public assistance, and be a critical part of the growing the Vermont and building strong communities.

The MBDP and IDA programs help Vermonters develop businesses and offers financial coaching, credit counseling, as well as asset building through the IDA program.

Several programs and policies specifically designed to help low income people gain a financial foothold have been proven to be successful at relieving poverty and supporting the economy – in Vermont and across the country. **Financial capabilities, credit & asset building, micro-business development all work together and form a coherent strategy for both reducing poverty and building the economy.**

And these programs are a great return on investment!

In the last 5 years, across Vermont, these programs have achieved the following:

- 3,666 low income Vermonters were served
- 682 Business starts and expansions
- 429 Jobs created
- 237 IDA Savings Accounts opened
- \$5,568,102 capital leveraged

Economic self-sufficiency reduces general fund subsidies and builds stronger families, community and economy.

Conclusion

I see no clear rationale for eliminating programs that have been demonstrably successful in both relieving poverty, building economic security for low income Vermonters, and helping to strengthen our communities and economy.

Poverty is not permanent. We encourage you to invest in our work so that we can reduce the demand for the other economic services you provide for those trapped in the cycle of poverty.

In the words of Abraham Lincoln: *“(The objective of government) is to elevate the condition of (people)—to lift artificial weights from all shoulders—to clear the paths of laudable pursuits for all—to afford all, an unfettered start, and a fair chance, in the race of life.”*

Thank you,
Sue Minter