



To: Vermont Senate Appropriations Committee  
From: Sue Minter, Executive Director, Capstone Community Action  
Date: April 16, 2019  
Re: Public Hearing Testimony

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Thank you for the service you provide for Vermonters and inviting us to testify before your esteemed Committee today. For the record I'm Sue Minter, Executive Director of Capstone Community Action, serving Lamoille, Washington & Orange Counties. I am here, along with Jan Demurs of CVOEO, representing the 5 CAAs in Vermont whose joint mission is to alleviate poverty in Vermont.

I want to begin by thanking you for your service to Vermont. I know the work you do is critical and that you face impossible decisions every day working to make Vermont a safe, strong and humane state. I want to especially thank your Committee, and you, Mme Chair, for expressing a strong concern for the eroding effects of the extremely low level of assistance for our Reach Up participants and vulnerable Vermonters.

Over the past 5 months in this new position, I have taken a front row seat in the war on poverty. What I am compelled to report – and I know that you all know this – is that ***the proverbial "safety net" for vulnerable Vermonters is broken.*** A decade of austerity budgets have created increasing distress among Vermonters with low incomes.

Capstone was established in 1965 as part of the War on Poverty, and for over 50 years we have been the front door for people in economic crisis. Each day a line forms outside Capstone's Barre office, people in need of emergency food, heat and housing. ***And, our lines are growing:***

- In the height of winter 1800 people sought food at our food shelf in just one month;
- We have seen a 26% increase in crisis fuel visits over last year;
- Homelessness is spiking in both Washington & Lamoille Counties where a record 30% of our Head Start caseload are homeless — these children under 6 often living in motels with mold and bed bugs, and sometimes in cars. Please know that these statistics represent a severe increase from the past.

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. 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 the support you give — we are successfully building ladders out of poverty.***

You have heard from Jan about our Micro Business Development Program. You have also received information about our workforce development programs where CAP Agencies are successfully working with the private sector and other non-profit partners to create job readiness and employment

opportunities for under and unemployed Vermonters. Our Community Kitchen Academy, which trains participants for the food sector and prepares nutritious meals daily for our Food Shelf, has an 85% job placement rate.

You also have materials about our matched savings program through which nearly 1,000 low income Vermonters have invested \$2.8 million in their future since 1997.

We ask that you support the House –passed budget for these important programs.

I would like to further describe a program which I believe is a critical component to moving people out of poverty, which we hope you will partner with us on: Financial Capability

### **Financial Counseling & Capability**

Our financial coaches and accredited financial counselors provide appropriate and meaningful personal finance guidance to help people achieve financial security. We help people in financial stress: they may be facing a home foreclosure, a car repossession, or defaulting on their student loan. These low and middle income Vermonters often do not realize they have credit problems until late in the cycle. They need support and direction on developing a plan for debt repayment, budgeting, and a plan for economic security. That is what we do...

Capstone and CVOEO have partnered with Northfield Savings Bank (NSB) over the past 3 years to develop an enhanced Financial Coaching program in our regions. As I have learned about the variety of programs we implement, financial capability stands out to me as perhaps the most valuable tool we have to getting people the tools for success. It is a gateway for the other financial asset-building programs, MBDP and Matched Savings. With the completion of NSB's 3-year grant, we are working tirelessly to leverage additional private and public funds to sustain and grow this critical program.

- We are requesting \$500,000 to cover the cost of existing services and expand availability throughout the state. An investment of even \$100,000 to the OEO base award would help us continue to leverage private funding to sustain and grow this program.

The story of Amanda, who was recovering from her opiate addiction helps paint the picture of the transformative effects of financial security. Through our partnership with Reach Up, which incentivizes clients to work with our financial coaches, we helped Amanda learn about her student loan default and the interests she was incurring without understanding her required payback. Through our coaching, Amanda got herself onto a rehabilitation program, paying \$5.00/month, and was able to turn around her default. Her subsequent employment gave her the tools for economic independence and success.

Here are some comments from surveys to our program participants that help highlight the positive outcomes and success of our programming:

“...Visiting with Capstone's financial coach allowed me to understand how I have power over my financial situation and I can use that power to heal my financial health.”

“...Working with Capstone's financial coach to review a tough financial decision we have to make was incredibly helpful and I'm so grateful we had the opportunity to meet with her. You're providing an invaluable service for the VT community.”

“...This was a great experience for someone who struggles with their finances. Before I was afraid of dealing with these issues. Now I'm more confident with how I handle my finances. Thank you!”

“...The classes really helped me become aware of my finances and helped me figure out how to pay loans down and start saving.”

I want to conclude by sharing that Capstone is also a partner in the Climate Action Coalition. We know that Climate is real and has a disproportionate impact on low income people. We support the call to double weatherization programs and to use the \$4.5 million of VW Settlement funds toward transforming our fleet to electric and fuel efficient cars. This includes supporting initiatives to get low income Vermonters into fuel efficient hybrids.

Thank you for your time and for your service.

Respectfully submitted,

Sue Minter  
Executive Director  
Capstone Community Action, Inc.



## VT Community Action Agencies' (CAAs') Agenda for the 2019 Legislature Creating a Vibrant Opportunity Economy for All Vermonters

*"The creation of the safety net during the twentieth century was a wonderful achievement, but the task of the twenty-first century is to create a ladder so that people can climb out of poverty."* ~Robert Friedman~

More than 25% of Vermont households are one layoff or serious medical incident away from falling below the poverty line.<sup>1</sup> Despite these startling numbers, creating a vibrant economy—an *opportunity economy* in which all Vermonters thrive—is within our reach. The financial security strategies outlined below offer proven on-ramps into the economy and strong returns on investments for families with low incomes. 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.

It is recommended that every agency of the state share *responsibility and resources* to stabilize low income families, break down barriers to successful employment, and support initiatives that foster job creation, workforce development, financial capability, and economic opportunities where appropriate.

**Increase Funding for the Micro Business Development Program (MBDP)** Since 1989, MBDP has provided 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. Each year, an average of 115 businesses are started or expanded across Vermont, 86 new jobs are created, and more than \$1 million in capital is accessed. **The average cost per job is less than \$3,800. Current base funding is \$300,000; we request a \$200,000 increase funding to \$500,000.**



**Fully fund the Vermont Matched Savings Program** In 2018 the Legislature reinvested in the matched savings and financial education program that helps low-income Vermonters invest in their future by enabling them to build financial assets. Matched by state funds, participants save—and have their savings matched—to purchase or repair a home, invest in training or post-secondary education, grow a business, or purchase or repair a vehicle. Since its start in 1997, 998 Vermonters have completed their savings period and invested \$2.8 million in their future, much of which has helped support their local economy. 566 have invested in businesses, 229 in education, and 203 in first-time homeownership. **Current base funding is \$135,300; we request an increase to the original appropriation of \$250,000.**



<sup>1</sup> 2016 Assets & Opportunities Scorecard, Census Bureau, Survey of Income and Program Participation. 1/30/19

**Support Workforce Development/Training Initiatives** The VT CAAs offer a number of workforce initiatives that address persistent barriers to employment faced by disadvantaged workers with no, little, or unsuccessful work experiences, and who need customized and comprehensive training and services to overcome those obstacles, such as job readiness programs that help a wide range of groups, including at-risk youth to obtain their first jobs, and incarcerated individuals to gain core life & workplace skills to enter the workforce when they're released. **We request \$250,000 to support efforts to increase access to the workforce and ensure a supply of job-ready, dependable workers to enable employers to maintain and expand their businesses.**



**Fund Financial Education, Coaching, and Credit Building Services** To overcome barriers to financial security, financial capability education & coaching services empower people to stabilize their finances, set goals and work to achieve them, and sustain successful financial behaviors over time. The knowledge and skills gained by low-income Vermonters enable them to manage their scarce resources, repair or build credit, and establish or strengthen connections to financial institutions. Vermont Community Action agencies report that some families participating in financial education programs have yielded a savings of more than \$2,514 since participating—a substantial sum for families living in poverty. Additionally, a national study found that 58% of low-to-moderate-income individuals receiving financial coaching and credit building services had their credit score increase as a result.<sup>2</sup> These services can and have been customized to meet the particular needs of Reach Up families. **We request \$500,000 to cover the cost of existing services and expand availability.**



**Fund the Volunteer Income Tax Assistance Program (VITA)**

The Volunteer Income Tax Assistance (VITA) offers free tax preparation for anyone with annual income of less than \$55,000. In FY2018, the VT CAAs completed 3,309 Federal returns and 3,844 State returns. The total refunds and tax credits brought \$6.8 million back into the state economy and helped stabilize low-income Vermont households. VITA has a 94% accuracy rate, higher than any other tax preparation service. In addition to the State and Federal returns, CAA agencies assisted households with Renter's Rebate applications and Homestead Declarations. **The cost of the program statewide is \$189,000. We are requesting \$100,000 to leverage \$49,000 in IRS funding to sustain and expand access.**



In combination, these CAA Economic and Workforce Development programs provide Vermonters with low incomes opportunities to enter and succeed in the workforce, start and retain successful small businesses, enhance their financial capability, build or repair credit, achieve economic stability, and create and use financial assets effectively to invest in a better future for themselves and their families as well as a stronger and better Vermont.

*“We start with the recognition of the capacity and productive potential of low-income and economically-marginalized people: they are all potential creators of wealth, whether as skilled workers, entrepreneurs, home owners, savers or investors.” ~ Robert Friedman ~*

<sup>2</sup> Credit Builders Alliance, Analysis of CBA Members: Confirms Value of Credit Building, August 2014. 1/30/19

# WORKFORCE DEVELOPMENT



The VT CAAs offer a number of workforce initiatives that address persistent barriers to employment faced by disadvantaged workers with no, little, or unsuccessful work experiences, and who need customized and comprehensive training and services to overcome those obstacles.

**CVOEO** and **Capstone**, in partnership with the VT FoodBank, operate the Community Kitchen Academy preparing under- and unemployed Vermonters for food service industry careers through intensive culinary skills development, career readiness, and job placement training. Outcomes—85% job placement; 72% job retention

The Transitional Training Program at **BROC Community Action** serves mostly women between the age of 25 and 44, who are receiving support through Reach Up. There are also partnerships with The New Story Center, Vermont Associates, Vocational Rehab as well as an MOU signed with Goodwill. Seven gained full-time employment and 11 participants gained part-time employment.

**SEVCA's** Ready to Work builds core workplace skills in partnership with local agencies such as Phoenix House/Tapestry and other community groups.

**NEKCA's** Community Service Placements offer work experiences within their agency while teaching job readiness skills to Reach Up & 3Squares participants

**Capstone** partners with Farm to Plate to bring together food sector businesses with local educators and workforce development partners to explore career opportunities in the Washington WEB (workforce, education, & business) through internships and career exploration opportunities.

**Skills Learned & Practiced:**

- Job readiness
- Essential soft skills
- Team work & conflict resolution
- Internships
- Financial literacy
- Career exploration
- Parenting education
- Business training
- High school completion
- Interviewing
- Resume preparation
- Job placements
- Job retention

**Capstone's** Family Literacy Center educates pregnant and parenting teens for their high school diplomas and offers job readiness training and career exploration and internship opportunities.





The Vermont **Matched Savings Program** gives low-to-moderate income individuals and families an opportunity to invest in themselves & their communities & move out of poverty.

## THE VERMONT MATCHED SAVINGS PROGRAM



- \* BUY OR REPAIR A HOME \* POST-SECONDARY EDUCATION \*
- \* CAPITALIZE A BUSINESS \* JOB SKILLS TRAINING & CERTIFICATION \*
- \* VEHICLE PURCHASE OR REPAIR FOR WORK PURPOSES \*

### Asset Building

#### Cumulative Outcomes 1997-2018

**998** Vermonters successfully completed the IDA program, using **\$2,778,091** in savings and match funds:

**566 Business**—invested **\$1,574,493**  
**229 Education**—invested **\$600,146**  
**203 Homeowners**—invested **\$603,452**

#### FY 2018 Outcomes

**47** Vermonters invested **\$122,185** in savings and match:

**28 Business** \$67,831  
**7 Education** \$21,000  
**12 Homes** \$33,354



### A Brief History

**Matched Savings Accounts**, supported by the Vermont Legislature since 2000, are a proven strategy which combines matching savings and financial counseling to help lower income Vermonters to move up the economic ladder through the acquisition of an important asset, including homeownership, business development, and post-secondary education and job training.

Participants deposit their savings in a special joint savings account, branded as an Individual Development Account (IDA), at partner financial institutions. Once the participant has completed their savings and financial education, the State matches the participant's savings on a dollar for dollar basis to attain their chosen asset.

In 2018, the Legislature built upon this successful program to broaden the uses to include vehicle purchase or repair to access employment. Capstone Community Action oversees this program for the state.

### Financial Education

**Financial Education** is an integral part of the IDA matched savings program providing the cornerstone for our participants' financial success. Participants gain an understanding of their money habits and beliefs, then use that knowledge to set financial goals, choose a budget system that works for them, and develop savings strategies. Additionally, they learn methods to build or repair credit, reduce debt, and plan for future financial needs.

We have seen excellent results in family and individual economic stability when participants take to heart the information, tools, and encouragement we offer in our classes and through our 1:1 coaching.

# THE VERMONT MATCHED SAVINGS PROGRAM

## \* PARTICIPANT SUCCESS STORIES \*

### Northeast Kingdom Community Action (NEKCA)



**Tara Lynn Scheidet** of Sutton started making custom hemp clothing in 1999. Tara Lynn® was started in 2005 with a mere \$800 in cash. Tara Lynn® is an eco-couture fashion house that makes natural fiber clothing including one-of-a-kind wedding dresses, menswear, tailored suits, and wearable art jackets. The company has grown to fill \$50,000 in orders a year.

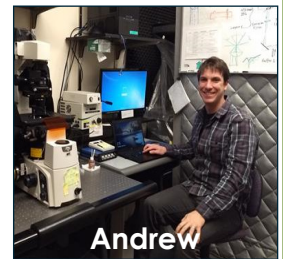
Because Tara Lynn is always thinking ahead about her business needs in order to grow, she enrolled in the IDA program. She is extremely appreciative for the opportunity to use her IDA to expand her market to attract customers all over the world!

[www.taralynnbridal.com](http://www.taralynnbridal.com) /802-467-9036

### Champlain Valley Office of Economic Opportunity (CVOEO)

**Andrew** was in a dangerous financial situation when he graduated college. He wanted to continue his education and obtain a PhD, but found that the meager student stipend made it nearly impossible to make ends meet. He started working with a financial coach to set up an emergency fund, and then enrolled in the IDA to help bridge the cost gap of his education. After long days of physical biochemistry classes, he would head to evening financial education classes at CVOEO and found a way to save \$10 a week.

“The success of this program can be summarized in the reality that I don’t need CVOEO anymore. I won’t need state or federal help within the foreseeable future.”



### BROC Community Action in Southwestern Vermont (BROC)



**Jessica and Warren McIntyre** of Manchester each joined the IDA Match Savings Program in March of 2017 to save for their first home. They have two teenage sons and were paying \$1200 a month for rent and wanted to find an affordable home to buy. Jessica was determined to purchase their house in one year and worked hard at saving and repairing their credit reports. They completed the IDA Financial Capability workshops, the NeighborWorks Homebuyer Seminar, and started researching homes. By Spring of 2018 they made an offer and purchased a home in East Dorset

working with USDA Rural Development.

Their new housing cost including mortgage, insurance and taxes is \$931 per month, a decrease of \$269 monthly from their previous rent payments, and they are now building equity in their own home!

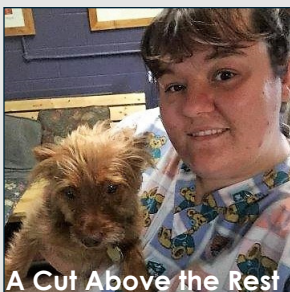
### Southeast Vermont Community Action (SEVCA)

**Tess Lindsay** was looking for ways to become more competitive in the marketplace and increase her earnings so she could make a livable wage when she enrolled in the IDA program. She had opened Wildflowers Playground, a small childcare center in Putney, in 2014. Tess wanted to become eligible for ACT 166 funding, a publicly funded pre-k option, so she could be affordable for families considering a preschool program in the area. She is now using some of her IDA to pay for the eligibility process.

“The boost I got from matched savings and SEVCA’s help with my business plan made a huge difference!”



### Capstone Community Action



**Nermina Beslagic** is a former Reach Up client and a single mom. She joined the IDA program to help grow her dog grooming business, **A Cut Above the Rest, LLC**. Nermina had recently earned an Associate’s Degree in Vet Technology from VTC when she began working with Capstone’s financial coach. She was working two part time jobs when she decided to take the leap of faith and go out on her own. She started her business on-site at a local, established kennel, and the business continues to grow.

With her IDA funds, she plans to buy more kennels and a dryer for the dogs. She is no longer on Reach Up and says for the first time she is able to save a portion of her tax refund.



# FINANCIAL CAPABILITY PROGRAM

## Annual Survey Results

Capstone's 2018 Annual Financial Capability survey, sent to individuals who had received counseling or attended financial education classes, shows:

- 50%** of respondents have set aside money for savings
- 76%** of those respondents have started saving regularly
- 62%** of respondents have taken steps to improve their credit score
- 42%** of those have increased their score
- 87%** reported that working with a financial coach or attending a class was helpful in reducing their debt

### Testimonials:

*"This was a great experience for someone who struggles with their finances. Before, I was afraid of dealing with these issues. Now I'm more confident with how I handle my finances. Thank you!"*



*"The classes are GREAT. My meetings with (my counselor) have been invaluable. I leave with a clear list of goals and expectations. (My counselor) is thorough and answers all of my questions/concerns."*

**CVOEO's 2018 Annual Financial Futures Program** survey reports:

- 83%** of respondents feel more financially secure after working with a Financial Coach
- 56%** of respondents started saving money after working with the Financial Futures program
- 79%** of respondents reduced spending after working with Financial Futures Program

### Testimonials:

*"Before my involvement with Financial Futures, I didn't know about all the different steps I actually could take to improve my situation—but your coaches and advisers have helped so much."*

*"After taking the two classes and working with (Financial Futures) I went from a mid-500 credit score to a very high 700 credit score!"*

## An Overview

Most Vermonters can agree that between paying for housing, childcare, transportation, food, loan obligations and utilities, there's often not a lot of income left over for saving.

That's where Vermont's Community Action Network can help. With our comprehensive financial education and financial coaching services, which vary by agency, our staff work directly with low and moderate income Vermonters to help them assess their financial situations, determine their options, and create financial goals.

Our statewide staff, which consists of program coordinators, financial coaches, and accredited financial counselors, are trained to provide appropriate and meaningful personal finance guidance to Vermonters who are having difficulties paying down debt, saving money, or managing their transportation or housing costs.

By assessing the situation and meeting the client where they are financially, our staff work with individuals and families to help them build economic opportunity and a better financial future.

## Programs and Services

Programs and services vary by Community Action Agency (CAA) based on current funding and include:

- Budgeting support
- Debt reduction planning
- Savings strategies
- Credit Building services
- Financial education classes
- Student Loan repayment counseling

Two of the five CAAs offer dedicated financial coaching and counseling services. Capstone Community Action and CVOEO have a combined three full time AFCPE® Accredited Financial Counselors and two part time financial coaches. The Vermont CAA Network is requesting \$500,000 to support continued services at Capstone and CVOEO and to expand services to SEVCA, NEKCA, and BROC.

# FINANCIAL CAPABILITY PROGRAM

## \* A SAMPLING OF THE WORK WE'RE DOING NOW \*

### **BROC Community Action in Southwestern Vermont (BROC)—life after incarceration**

Shelly Faris, Team Leader of the Economic and Workforce Development Program at BROC, offers a monthly financial capability workshop to inmates at Marble Valley Correction Facility in Rutland. Financial topics include credit building, managing student loans, and opening up a bank account after incarceration. Inmates are also educated on the community resources available to them after they are released from jail, such as housing supports and fuel assistance. Faris works in small groups and allows the inmates to drive the financial conversation according to their interests and questions. Faris states, "BROC's mission, as 'community action' is to improve people's lives, and this is definitely a sector of the community that I feel we can help."

### **Capstone Community Action—student loan counseling and support**

Amanda is in her mid-thirties and recovering from opiate addiction. Through a partnership with Vermont's Reach Up Program which offers financial incentives to work with a financial coach, she met with Capstone to work on budgeting and credit building. After reviewing her credit report she saw that she had just under \$6,000 in federal student loans in default. Amanda did not know that the balance was increasing due to interest, and she didn't understand that eventually she would have to pay back the loans either through a payment plan or worse, through forced wage or tax return garnishment. Amanda and her coach met for several weeks to resolve the problem. She is now in a 9-month rehabilitation program, paying \$5.00/month. Once the 9-months is up, she will begin paying on an income-based repayment plan. By then, she anticipates that she will be working. Amanda said, "you helped me more than I knew I needed with my finances, so thank you very much!"

### **Champlain Valley Office of Economic Opportunity (CVOEO)—debt management support**

NG, a single mother on Reach Up, worked with Financial Futures to meet several goals related to savings, debt, and credit. CVOEO's Financial Coach found two mistakes on her credit report that she successfully disputed. When she received her 2017 tax refund, she worked with her coach to make a plan to use some to settle high priority debts and put some money in savings. She paid off a \$2,000 debt to CCV, allowing her to access her transcript and continue school and paid down the remaining \$2,400 of her car loan. In addition, she saved \$500, of which \$250 was matched dollar for dollar through the Reach Up Financial Incentive Program.

### **Northeast Kingdom Community Action (NEKCA)—budgeting assistance for seniors**

Seniors in the Northeast Kingdom often live on a limited income and depend on the resources of their local Community Action Agencies. Mary, who spent her entire career as a nurse and caretaker, was now unable to work at the age of 60 due to back pain. She had already created a network of support with help for subsidized housing, SNAP benefits, SSDI and medical care. She came to NEKCA for additional budgeting assistance. She was frustrated as she felt she was doing all she could and still could not make it through the month financially. She had to use her credit card to pay for medication, and as a diabetic she felt limited using the food shelf. Mary benefited greatly from one-to-one financial coaching: she wanted to maximize her income and figure out how to ease her cash flow. She had to make some tough choices and compromise on things that most people take for granted. For example, going to the library to take out a free movie instead of having cable, might not seem that significant, but it is to someone who has spent their entire life working.

### **Southeast Vermont Community Action (SEVCA)—financial coaching in recovery**

SEVCA's part-time matched savings program coordinator offers financial fitness classes and workshops to local non-profit programs serving vulnerable populations. SEVCA is currently working with the executive director of Turning Point of Windham county to arrange financial fitness workshops. Turning Point provides services, free of charge, that help improve the health and welfare of people whose lives have been affected by addictions and who are pursuing recovery. Most guests are low to moderate income and not only recovering from addiction, but also may be navigating other life transitions and dealing with the aftermath of their addictions. Financial coaching and workshops are services that can support people who are returning to the community after incarceration, seeking shelter or employment, or reuniting with their families.