

February 10, 2020

House and Senate Appropriations Committee  
Vermont State House  
Montpelier, VT

Dear Members of the House and Senate Appropriations Committee:

Thank you for the opportunity to comment upon the Governor's recommended budget for SFY 2021.

I am Steven Pappas and am here testifying as the Chair of Capstone Community Action where I have served for the past six years. Since 1965 Capstone Community Action has worked to help individuals and families throughout Central Vermont achieve security and rise out of poverty. I serve on Capstone's Board because I am keenly aware of the challenges that so many face; our board believes that by breaking down the barriers that prevent people from thriving we can offer the hope people need, the dignity everyone deserves and a better community for all.

I am here to request that the Legislature reverse the cuts proposed by the Governor to the Micro Business Development Program (MBDP) and the Individual Development Accounts (IDAs) These cuts would eliminate two critical anti-poverty programs operating throughout our state.

Since 1988, Capstone Community Action has implemented a Micro Business Development Program (MBDP) which has been embraced by Community Action Agencies throughout Vermont and across the country. In addition, the IDA program (now commonly referred to as the "Vermont Matched Savings program") was piloted in Vermont and since 2001 has been providing critical opportunities for low income Vermonters to build savings and assets.

Since the inception of these programs, the five Community Action Agencies across the state have supported more than 10,000 Vermonters to become self-sufficient and helped launch or expand more than 2,100 Vermont businesses. Many of these Vermonters face significant barriers to career-track employment; they may be transportation or housing insecure, or struggle with disabilities that prevent them from gaining and maintaining reliable and adequate income to support the increasing costs of living in Vermont. With MBDP and IDA support, clients find economic self-sufficiency and dignity in self-employment.

In an increasingly demanding economy where multiple streams of income are required to make ends meet, transportation can be a challenge and child care hard to find, the issues that accompany a client on their journey to self-employment are complex.

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

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

We see daily that our economic recovery is leaving many Vermonters behind. In 2018, 66,000 Vermonters – one in 9—lived in poverty. **At a time when income inequality in the US hit the highest level in fifty years, it is critical that we fully fund programs that can build ladders of opportunity to economic security.** These programs have been proving to be successful at relieving poverty and supporting the economy.

Thank you for supporting individuals the economy and our community by fully funding the important anti-poverty and economic development programs, MBDP and IDA.

Sincerely,

Steven Pappas,

Chair, Board of Directors  
Capstone Community Action