

Dear Members of the House Appropriations Committee:

February 13, 2020

Thank you to the Vermont Legislature for believing in the anti-poverty programs managed by the five statewide Community Action Agencies and supporting them in the general fund for the past 20 plus years.

I am asking the legislature to reinstate the funds for Financial Capability programming which includes the Micro Business Development program and the Vermont Matched Savings program which were eliminated in this year's budget.

These two programs, since 1988 and 1997 respectively have been the foundation of the mission of community action agencies to lift people out of poverty. In the words of the National Community Action network, "**Community Action changes people's lives, embodies the spirit of hope, improves communities, and makes America a better place to live. We care about the entire community, and we are dedicated to helping people help themselves and each other.**" These two programs are fundamental to the mission of Community Action.

Vermont Matched Savings (last year's appropriation was \$170,300--\$100,300 for support services to Vermonters; up to \$70,000 toward matched savings accounts)

The matched savings investment from the state amounts to approximately \$20,000 per community agency to provide support to participants in the matched savings program. Yet this funding is so much more—it's the foundation of our work—it is the base for which we secure other funding so that we can provide 1:1 personal financial coaching and counseling and financial education classes and workshops to more Vermonters than just those who are benefiting from the matched savings.

As an accredited financial counselor, and statewide program manager for the Vermont Matched Savings, I have worked with hundreds of Vermonters over the past five years. I have taught countless financial education classes, at Capstone and at area businesses like CVMC, Blue Cross Blue Shield, MSI, and Mayo Health and Rehab. I have supported Vermonters as they build or rebuild their credit, facilitated hours of phone calls to help get federal student loans out of default so that they are no longer being garnished from tax returns or wages. I have worked with victims of identity theft, predatory lending, and fraud. I have met with hundreds of Reach Up participants to help them manage their scarce resources more effectively—and I've seen these same Reach Up participants achieve homeownership, micro-entrepreneurship, and financial stability.

Micro Business Development (last year's appropriation was \$398,870, or \$79,774 per agency)

Each Community Action Agency has one full time equivalent Micro business counselor. Our counselors have on average 10+ years' experience providing counseling to would-be and existing micro-business owners. These jobs created are fundamental to helping families achieve economic self-sufficiency. Whether it's a housekeeping business, a landscaping business, painting, herbal medicine, jewelry making, massage therapy, or grass-fed beef raising

business, the people who come through our doors receive the counseling and access to capital (both through micro-lending and the matched savings) to help them build a business that provides supplemental income or fully supports them and their families. Many of our clients face barriers to traditional employment—lack of higher education, a history of trauma, disabilities, or simply house/transportation/childcare insecurities. The value of the intensive 1:1 care that our counselors put in to helping our more vulnerable residents achieve their goals is not matched by any other small business counseling service in this state.

To remove this funding from the budget not only displaces five full time workers at the CAAs, but it also takes away a valuable service to low income Vermonters who trust and are comfortable engaging with our empathetic and experienced counselors.

Conclusion

Like some of you, I have been privileged to live a middle-class lifestyle that over the years has become well above middle class. I didn't get here alone. I am fortunate to have been raised by an intact family who valued education as a means to prosperity. I didn't grow up wealthy by any means. But, I was taught to work hard, to save for retirement and to never put more on my credit card than I could pay off in a month. A small down payment gift from the in-laws put my husband and me on a trajectory of homeownership that has made us well-off by Vermont standards 30 years later. I am keenly aware that generational wealth plays a huge factor in who succeeds and who doesn't.

Most of our clients will never be privy to generational wealth—if they become homeowners, many of them may not actually profit from it because they don't have the resources to appreciate the property. Most of our clients have no retirement savings and will receive very little social security in their older years. I know we can't help everyone one, and we can't solve the bigger issue of the increasing wealth gap in this nation, but, if these two small but mighty programs can help a few thousand Vermonters achieve a better outcome and allow them to save just a little more money than they otherwise would, then we must continue to support them.

I respectfully ask you to reinstate the full funding for the Micro business development and IDA Vermont Matched Savings Programs.

Sincerely,

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