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Housing & General Affairs
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Thank you for the opportunity to share a view of the COVID Pandemic from the lens of our most at risk neighbors, families and businesses. I am pleased to speak to you as the Director of Capstone Community Action, and on behalf of the five Community Action Agencies that comprise the Vermont Community Action Partnership (VCAP).

As you know, Community Action Agencies have always been the door that opens for those struggling with economic insecurity' and distress. For 50 years our mission has been to help lift people out of poverty. Our success stems from our understanding that poverty is complex and multi-faceted. We develop client-centered programs to build opportunity and economic security through a range of activities, from meeting basic human needs, like access to food, heat and secure housing, to building an economic foundation through workforce development to financial security and micro-business development.

The COVID-19 Pandemic has brought our Community Action mission – and our expertise-- to the forefront. Even before COVID we know that some 40% of Vermonters were a paycheck away from economic disaster. Well now, those paychecks have stopped. And the numbers of folks on the economic precipice are swelling. The demands on our staff – who deliver crisis support to families in need -- have magnified in the short time since COVID arrived in Vermont. We know that what began as an extraordinary and tragic health crisis is quickly becoming the greatest economic crisis of our lifetimes.

We need to meet these demands by marshalling all of the state's resources with a coordinated response. Community Action Agencies and our partners around the state make up the proverbial "safety net" and are uniquely suited to be a critical part of that response. We stand ready to partner with the state in every way we can – building upon the history and experience we have in facing the very challenges that now confront so many Vermonters.

Capstone's Community Response

Ever since COVID-19's arrival in Vermont the CAP agencies have been on the front lines responding to the extraordinary needs confronting our clients. In Washington County, Capstone initiated a coordinated Incident Command System to form a Regional Response engaging dozens of service organizations and 1200 volunteers to help house, feed and provide health services to over 300 homeless individuals and families being housed in area hotels. Please see my attached Summary Report for Regional Response which shows that over 20,000

meals-- 750 meals per day -- were delivered to the guests. In addition our crisis fuel, housing, financial and business counsellors have all been responding to record calls for help. **And we need more resources to meet this ever growing demand.** We know the Legislature is working with the Administration to quickly disperse CARES Act funds. These funds cannot come fast enough. We feel like firefighters working on a raging fire—but without hoses and water.

Build Equity into Restart Vermont

The Governor's Restart Vermont plan is an important start. What began as a health crisis has now evolved into an economic crisis. **We must respond with a strategy that recognizes the economic inequality that existed before COVID and builds equity in to our recovery. And we must commit to moving forward in this recovery and not go back to the immense disparity of the pre-COVID era.**

We have discussed previously in your committee, that VCAP has managed the state Micro Business Development Program (MBDP) since 1988 – a program that has strengthened the economic self-sufficiency of more than 10,000 Vermonters and improved the economic vitality of our communities. This program specifically targets disadvantaged micro businesses – those earning 80% state median income. Through intensive training, business planning and support, financial counseling and asset-building, we have helped launch or expand more than 2,100 Vermont businesses, created thousands of jobs and helped disadvantaged micro-entrepreneurs leverage more than \$15 million in financing.

The federal recovery programs to date have not been accessible to the needs of the microbusinesses we work with. And the Governor's proposal will also leave these entrepreneurs behind. The first come first serve grant and loan proposal will likely magnify the inequality of our economically disadvantaged clients. MBDP clients generally lack the ability to rapidly complete the needed financial information for the proposed process because of educational and technological limitations. The proposed formula used to determine grant amounts is disproportionately geared toward larger revenue-generating businesses-- entities with high revenue and low profit margin. Because of their scale, our MBDP clients will not be able to benefit in a financially impactful way because of their low revenue. The lack of additional technical support by micro business counselors will inevitably lead to the loss of needed resources for the most financially unstable micro business – at a time when they are already most at risk of landing in poverty.

And that is why, in response to COVID-19, we have proposed a program we call, EMBRACE - Economic Micro Business Recovery Assistance for the COVID -19 Epidemic - a statewide coordinated strategy to stimulate economic growth for the most vulnerable Vermonters. We shared this proposal with the Administration in advance of their Restart plan, and I have submitted this plan along with my testimony to your committee for consideration.

Since the crisis began, our micro business counselors' phones have been ringing with requests for help in completing loan applications, applying for unemployment, adjusting cash flow projections and redesigning business plans in the new COVID -19 landscape. We know that entrepreneurship is the greatest wealth builder for the state and local economy, as well as for individuals. And we recognize that, historically, recessionary times have been countered by an increase in new businesses or small business expansion. Given historic trends, we project a potential increase of as many as 5,000 micro businesses. Our plan is to quickly build up an effective response to this need by:

- 1) **Establishing a state MBDP Information HUB and a coordinated statewide network of microbusiness resources;**
- 2) **Hiring 6 new business counselors including one statewide coordinator**
- 3) **Creating access to working capital and credit-building opportunities for disadvantaged Micro Businesses by providing up to 420 grants of up to \$2,500 to represent a security deposit for a low-interest micro loan**

By designing a response with an equity lens, we can have the dual positive impact of creating economic stimulus -- new businesses and jobs -- while also avoiding the likelihood of more Vermonters needing crisis services (food, housing, and assistance with fuel, rental assistance and financial needs.) Sustainable micro businesses can help raise individuals out of poverty and break the generational cycle that keeps families in poverty.

We believe the Governor's recovery plan can be improved to address these equity challenges.

We recommend the COVID -19 Recovery Act include a specific set-aside of \$1,000,000 for Micro Businesses (with earnings at the 80% state median income) impacted by the pandemic for the purpose of providing working capital and credit-building opportunities. This can easily be incorporated within the context of the Administration's proposed legislation. We further request that the stimulus plan support our plan for funding six additional micro-business counselors, including a statewide coordinator. This could be a specific element to the Governor's proposed "Recovery Technical Assistance Network".

Low-income Vermonters are the hardest hit and take the longest to recover from disasters — economic or natural. Our program will provide disadvantaged entrepreneurs access to statewide network of professional business resources and benefit from the shared experiences of more and less-experienced business ventures. Note that it is critical that the disadvantaged Micro Businesses be provided with one-on-one business and financial counselling. Without these aspects to our recovery, those most impacted by economic crisis, those most at risk of falling into poverty, will once again be left behind.

Create Opportunity out of Crisis

This is a moment of crisis, and also a time of innovation and opportunity for new models and transformational change. I personally experienced the truth of “Building Back Stronger” post Irene – on so many levels. I believe this crisis can be ***our moment for big change***. This is an opportunity to be bold.

Whether it is recognizing the extraordinary feat of housing the homeless, and providing food, health and mental health supports as the beginning of a future strategy for addressing those with housing insecurity, or utilizing school buses to address food access and insecurity – this is the opportunity that is being presented to you, right now, during these unprecedented times.

Please know that there are amazing and positive things happening within the darkness that also surrounds us. Since the beginning of the crisis, I have been inspired by a quote from Jane Goodall: ***In crisis, HOPE has the power to transform.***

Thank you for offering HOPE for those who need us most – before and during this time of stress.

Respectfully submitted,

Sue Minter